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FUTURE OF UNDP: IMPLEMENTATION OF EXECUTIVE BOARD DECISION 94/14

Progress in the implementation of Executive Board decision 94/14: Initiatives for change

Report of the Administrator

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 5	3
	A. The legislative basis for change	2 - 3	3
	B. Systematizing the change process	4 - 5	3
II.	FOCUSING UNDP RESOURCES ON KEY DIMENSIONS OF SUSTAINABLE HUMAN DEVELOPMENT	6 - 38	4
	A. The building blocks for programme strategies	9 - 22	6
	B. Towards a new resource programming framework	23	10
	C. Programming initiatives	24 - 38	10
III.	STRENGTHENING UNITED NATIONS COOPERATION FOR SUSTAINABLE HUMAN DEVELOPMENT	39 - 55	16
	A. Strengthening United Nations coordination at the country level	39 - 48	16
	B. Strengthening United Nations coordination at the global level	49 - 55	17

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CONTENTS (continued)

		Paragraphs	Page
IV.	STRENGTHENING INTERNATIONAL COOPERATION FOR SUSTAINABLE HUMAN DEVELOPMENT	56 - 65	19
V.	STRENGTHENING THE CAPACITY OF UNDP TO PERFORM ITS NEW MISSION	66 - 89	20
	A. Strengthening UNDP capacity at the country level	66 - 77	20
	B. Strengthening UNDP capacity at headquarters	78 - 83	22
	C. Retraining personnel and reinforcing accountability	84 - 89	22
VI.	THE CONSTRAINTS	90 - 94	23
VII.	THE IMMEDIATE FUTURE	95 - 96	27
VIII.	EXECUTIVE BOARD ACTION	97	28
Annex.	Examples of pilot programme initiatives addressing the new areas of focus of UNDP		29

I. INTRODUCTION

1. UNDP has embarked on an important journey to re-invent itself and to strengthen the capacity of the United Nations system to deliver more effective and efficient assistance in support of sustainable human development (SHD). UNDP has commenced this journey out of the conviction that the only way to respond to challenges facing international development cooperation in the long haul is to become a significantly different organization and to spearhead changes within the United Nations system for operational activities.

A. The legislative basis for change

2. In its decision 94/14 of 10 June 1994, the Executive Board approved the main elements contained in the Administrator's report entitled "Initiatives for change" (DP/1994/39). In the same decision, the Board encouraged the Administrator to continue his efforts to focus UNDP programme activities by implementing the three goals and four priority areas outlined in the report. It then requested him to report back to the Executive Board at its annual session 1995 on his progress in moving the agenda of UNDP forward as outlined. The present report has been prepared in fulfilment of the latter requirement and outlines progress achieved in the nine months since the adoption of decision 94/14.

3. Executive Board decision 94/14 synthesized and built on a decade of gradual reform, 1/ providing UNDP with the three principal goals of (a) strengthening international cooperation for sustainable human development; (b) helping the United Nations family to become a unified and powerful force for human development; and (c) focusing UNDP resources on making the maximum contribution in its programme countries to key SHD dimensions. The decision also endorsed a programme focus on four areas: (a) poverty elimination; (b) employment; (c) environmental regeneration; and (d) the advancement of women.

B. Systematizing the change process

4. In recognition of the extensive nature of the changes required, "Initiatives for Change" focused on laying the foundation for launching UNDP on its new mission. Accordingly, UNDP has since focused on laying such a foundation in preparation for intensive implementation during the next programming period. Because of the evolutionary nature of the change, this has involved both drawing on experience that prepared for the "Initiatives for change" and on the specific changes since the Executive Board adopted decision 94/14. More particularly, a systematic effort was made to:

(a) Support programme countries in their efforts to conceptualize further and develop approaches and modalities for SHD;

(b) Support, capture and disseminate the results of past and current national experience in promoting SHD;

(c) Establish a framework for the new mission and programme focus of UNDP;

(d) Reorient and develop UNDP capacity in country offices and at headquarters to enable it to fulfil its new mission; and

(e) Build strategic alliances with key agencies to promote SHD.

5. The entire organization has been mobilized in this process of change. The workplans of all bureaux and departments and country offices now directly address the new requirements of the UNDP mission. A task force under the leadership of the Office for Evaluation and Strategic Planning (OESP) has been established to rationalize and coordinate them and monitor their implementation. Individual performance plans are based on these workplans. The appraisal of the performance of individuals is therefore now also closely linked to their contributions to change.

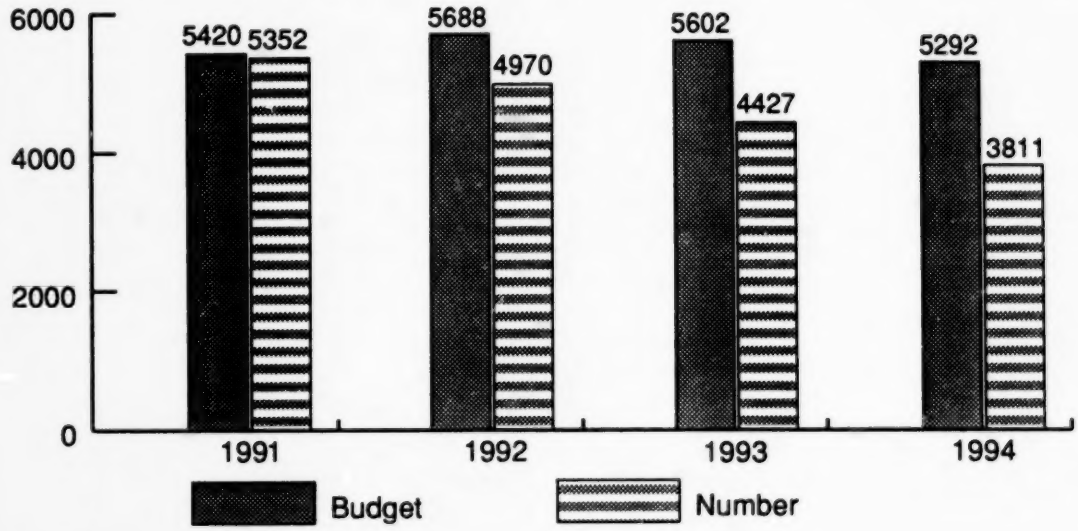
II. FOCUSING UNDP RESOURCES ON KEY DIMENSIONS OF SUSTAINABLE HUMAN DEVELOPMENT

6. Since 1991, the total number of UNDP projects has decreased by 30 per cent from 5,352 to 3,811 - while total project budgets (core resources plus cost-sharing), have remained approximately constant at about $5.5 billion.

7. This added focus has been largely modality driven. It was due primarily to the application of the programme approach and an increase in the level of approval authority accorded to resident representatives. Indeed, the average size of projects showed a 24.2 per cent increase - from $660,000 to $820,000 - in 1993, the year immediately following the introduction of the programme approach and the earlier increase in level of approval authority of resident representatives. Inflation has been more than offset by the extensive use of national expertise, which, because of its cost-effectiveness, makes this concentration of resources all the more significant.

8. Executive Board decision 94/14 provides added substantive focus on poverty elimination, employment, environmental regeneration and the advancement of women. In implementing this requirement, UNDP has addressed the need to (a) develop focused programme strategies; (b) establish a framework for the programming of resources that reflects this focus; and (c) develop pilot and demonstration programmes in the four areas of focus. Linkages between these areas have been built into all activities.

Figure 1. Total number of UNDP projects and total budgets (millions of dollars)



A. The building blocks for programme strategies

Reflecting diversity

9. In developing strategies for the use of UNDP resources in support of SHD, UNDP has adhered closely to the principle of working in support of national priorities and plans, guaranteeing national ownership and fostering the development of national capacity.

10. It has therefore been essential for UNDP programmes to reflect the increasing diversity of needs between programme countries. In certain countries - particularly in Asia and Latin America, the entry point for SHD has had to take into account the ever-increasing importance of the private sector and private capital flows as the principal engine for growth. In the Commonwealth of Independent States (CIS), Viet Nam, and to a degree, China, Governments have had to conceptualize and plan SHD within the framework of continuing and intensifying economic transition. In a number of countries, particularly in Africa, negative growth, coupled with the incidence of complex emergencies has also had a marked effect on the focus of programmes within the broader UNDP mission of fostering SHD. No standardized global approaches to SHD are possible or desirable - indeed, quite the contrary!

11. Nevertheless, it has been possible to establish common frameworks and aggregate objectives within which detailed strategies and programmes can be designed and piloted in accordance with local requirements and conditions.

Learning from experience

12. This approach has been bolstered with a systematic effort to assess past experience - both within UNDP and outside - and to learn from it. Workshops were convened to share experience, discuss and internalize the findings and recommendations of evaluations and other assessments, and task forces established to operationalize their recommendations.

13. A review of two decades of experience with capacity-building conducted in 1994 for UNDP by the Harvard Institute of Development re-emphasized the need to address critical constraints to the establishment of an enabling environment for capacity-building including macro-economic parameters that affect retention and use of capacity. It identified the most effective training methods and implementation modalities for capacity-building and reinforced the principle of adopting a dynamic approach in the interest of sustainability. A subsequent report on building sustainable capacity with particular reference to the public sector was also produced, re-conceptualizing the approach to be adopted. This was further adapted as a handbook entitled "Process Consultation: Systemic Improvement of Public Sector Management".

14. A handbook entitled "Sustainable Human Development. From Concepts to Operation: A Guide for the Practitioner" was prepared. It draws on experience gained in the participatory methods of development planning and management, aiding UNDP personnel and Governments in the preparation of SHD strategies and programmes. This is being supplemented with a paper on the economic implications and aspects of SHD. In January 1995, an issues paper entitled

"Donor Organizations and Participatory Development Strategies" was issued. Subsequently, in preparation for follow-up to the World Summit for Social Development, a working paper was prepared on designing and implementing national strategies for poverty eradication. In recognition of the importance of rural agriculture in the alleviation of poverty, employment creation, the preservation of the environment and mainstreaming women in economic development, guidelines for UNDP, government, and other development practitioners, entitled "Sustainable Human Development and Agriculture" have been produced and now serves as basic reference for programming in UNDP.

15. Regional approaches were further developed. The experience gained by UNDP on SHD in Africa was reviewed by the Regional Bureau for Africa with a view to drawing lessons for future programming. Under a regional project to overcome critical poverty in the Latin American and Caribbean region, a conceptual framework and methodologies for the measurement of poverty were established. Two poverty alleviation projects have also been designed and approved for the Asia and Pacific region. One focuses on macro-policy, and the other on reinforcing social mobilization at the micro-level.

Policy dialogue with programme country Governments

16. A major UNDP response to Executive Board decision 94/14 has been to reinforce and redirect its contribution to policy dialogue, building on innovative initiatives launched within the past two years to implement earlier Board decisions. The aim has been to identify groups excluded from the benefits of development, whether by reasons of poverty, gender or geographic location, and to propose environmentally sound strategies for their inclusion. Throughout, this process has been led by government, in collaboration with civil society, and supported by UNDP along with United Nations specialized agencies and donors at the country level.

17. Policy dialogue has been initiated through national human development reports, situation analyses, collection of data disaggregated by region, gender and income distribution, and policy studies. The compilation of information in this manner by Governments with UNDP support has provoked thought and activity to address shortcomings. In the case of Bangladesh and India (see box), the country offices themselves have both developed models for the analysis of SHD parameters with a view to laying the basis for the development of strategies and programmes.

India: SHD sensitivity analysis

The SHD sensitivity analysis methodology developed by UNDP/India is a normative tool which, with some additional fine-tuning, can be used to integrate a set of priority SHD objectives into development projects and programmes within the context of an overall strategy for SHD for India.

This methodology involves a two-tier approach. First, through a set of standardized questions, information is elicited on the likely impact of the project being tested on seven SHD dimensions (people centredness, poverty elimination, advancement of women and child development, productive employment, protection/regeneration of the environment, sustainable economic growth, transfer of environmentally sustainable technology). The responses to the questions are scored on a simple scale ranging from +3 (exceptionally good) to -3 (exceptionally bad) and an aggregate for each dimension arrived at. An SHD profile for the project is then plotted against each of these indicators.

Second, the programme is then evaluated with respect to the full potential it has for achieving the relevant SHD objectives (e.g., through project management redesign). The potential SHD profile is thus plotted. The gap between the potential and actual SHD profile is the SHD gap. Programmes then identify strategies by which this gap may be closed.

18. A number of programme countries have elected to produce national human development reports with UNDP assistance. Reports assessing the status of human development were prepared for a total of 10 countries (Bangladesh (one every year since 1992), Bolivia, Botswana, Colombia, Ghana, Egypt, Pakistan, Philippines, Pacific Islands and Ukraine). A further 22 national human development reports for each of the countries of Eastern Europe and the Commonwealth of Independent States are also in the process of preparation. In most instances, Governments have used the preparation of national human development reports as a springboard for SHD programming and policy development.

19. Dialogue generated in this variety of ways has, in a number of instances, resulted in the adjustment of national priorities and laid the basis for concerted strategies and programme initiatives for SHD. Examples abound:

(a) In Bolivia, human development indices are being produced at the local level as a means of underpinning local and national planning and programme monitoring. With UNDP support, the Government has established three "super ministries" for human development, sustainable development and economic development. These super ministries have begun the process of further developing national priorities and plans for development;

(b) With support from UNDP, Guinea has launched a human development initiative to analyse poverty through participatory approaches, study the means of financing human development, and look at the ways in which groups are

excluded from the market. Recommendations will be captured in a government policy framework paper for human development and implemented through national programmes;

(c) In Indonesia, a programme sponsored by UNDP and the United Nations Children's Fund (UNICEF) has collected data on people below the poverty line and highlighted the need for precise policies for regional development planning and resource mobilization. This programme triggered a comprehensive programme to improve the analysis, management and implementation of Indonesia's poverty eradication programme;

(d) In Malawi, UNDP assistance has helped to focus national attention on the elimination of poverty and decentralization to the local level, in collaboration with UNICEF;

(e) Under the Programme of Assistance to the Palestinian People, in collaboration with Palestinian public institutions and non-governmental organizations (NGOs), UNDP sponsored two seminars on SHD to launch an initiative for human development at this critical juncture in history;

(f) In Botswana, the process of producing a national human development report has led to nation-wide debate and a policy on how to deal with excluded groups. For the first time, a poverty eradication framework has been developed. Human development indicators are being updated and analysed nationally as a means of monitoring the achievement of targets;

(g) In Egypt, work by the Institute of National Planning in the production of the National Human Development Report has led 26 provincial governors to examine disparities within and between their governorates and to decide on strategies for participatory development that integrate women and conserve and regenerate the environment;

(h) In the Pacific Island countries, a subregional human development report has provided the policy underpinnings for a programme to target disadvantaged groups. This programme covers a total of 15 islands and has a strong complement of grass-roots and community-level poverty elimination activities of a catalytic and facilitative nature;

(i) In the Philippines, a human development network brought together the leaders from NGO coalitions, the academic community, and the private sector to reflect on the country's priorities and ways to focus human development. The Government used the forum as a means of developing and sharing innovative ideas and approaches, and the President himself launched the Philippines Human Development Report.

20. To reflect this diverse experience, 12 countries, including most of the above, and one subregion, were selected for their success in piloting alternative strategies for development, with UNDP assistance. (Bolivia, Botswana, China, Egypt, El Salvador, Guinea, Malawi, Pakistan, the Philippines, Sudan, Turkey, Ukraine and the Pacific Islands) Governments in some of these countries prepared strategies for SHD. These experiences and national strategies were summarized in monograph form, "UNDP Monographs Series on SHD:

Country Strategies for Social Development". Five of the strategies (those for Bolivia, China, Egypt, Guinea and Ukraine) were presented by the countries themselves at the third meeting of the Preparatory Committee for the World Summit for Social Development.

21. With respect to aid coordination, an in-depth evaluation was carried out in 1994, reviewing both Consultative Group and round-table countries. This has launched a process of further intensive discussion between UNDP and the World Bank on further rationalization of existing mechanisms and functional responsibilities with a view to instituting efficient systems for aid management by programme country Governments.

22. These studies and reports have together considerably advanced the foundation for future implementation of SHD and the overall mission of UNDP.

B. Towards a new resource programming framework

23. A dramatic new framework for the allocation and programming of the organization's resources in the next programming period is being developed and will be presented to the Executive Board at its current session. Subject to the agreement of the Board at the current session, the new framework should go into effect immediately with advance programming starting in July 1995 for the programming period 1997-1999 at the end of the fifth cycle. The new framework closely mirrors the new mission of UNDP and will serve to further reinforce this focus. At the same time the new framework is designed to:

(a) Permit the flexibility needed for effective and quick response;

(b) Improve accountability by creating a clearer framework for monitoring and evaluation based on programme focus and impact;

(c) Maximize the overall impact and effectiveness of the United Nations system while further strengthening UNDP's role within it;

(d) Maximize country-level impact in line with national priorities by increasing focus;

(e) Reaffirm the fundamental principles of United Nations system operations (universality, neutrality, based on national development priorities and policies and the voluntary, grant nature of assistance provided); and

(f) Maximize leverage for the mobilization of additional resources from a variety of sources.

C. Programming initiatives

24. Programme initiatives for the piloting and demonstration of SHD approaches have been undertaken by re-allocating existing core resources, adding to ongoing programmes that have demonstrable impact, and channelling additional cost-sharing resources. Mid-term reviews and evaluations have been used as a basis

for selection. A total of 21 mid-term reviews have been conducted so far. The resultant reallocation of resources and reorientation of programmes has served to focus UNDP assistance further. All mid-term reviews and their recommendations have been presented to the Executive Board. The annex to the present report contains a selective account of relevant programme initiatives that have involved intensive implementation in 1994 and early 1995.

Focus area: Poverty elimination

25. The questions may well be asked: What has UNDP been doing all this time if it has not been attempting to eliminate poverty? How does UNDP's approach need to change? What does this mean in practical terms? The fact of the matter is that UNDP has indeed been addressing the needs of poorer countries in the past, as have many other development agencies. This is not quite the same as addressing the developmental needs of the poorer sections of the population in these countries.

26. The approach now being adopted is to target those who are marginalized in economic or social terms but nevertheless have the potential for productive livelihood. This requires the establishment of effective outreach mechanisms, making use of local government, institutions of civil society such as village and community groups and institutions of traditional government, national and international NGOs, United Nations Volunteers (UNV) specialists and United Nations specialized agencies. Most importantly, the approach involves empowerment of target communities in the identification and communication of their own needs and in the management of the implementation of projects and programmes geared to eliminating critical constraints to their development. This involves social mobilization and the strengthening of community-level organizations, incorporating disadvantaged and marginalized groups within these poor communities and providing them with access to resources and services. Generation of income is central to the approach. Where possible, programme interventions are designed to help beneficiaries to help themselves, avoiding notions of charity. The ultimate objective is not just wealth-creation in income terms, but improvement in the level of human development.

27. Poverty elimination also requires simultaneous assistance upstream. It requires pro-poor macro-policies geared to build on the productivity of the poor. National policies need to be adjusted to facilitate the elimination of poverty. Such measures vary in range: pricing policies for agricultural inputs required by small farmers in raising their production; policies regarding access to small credit facilities; special measures required to make education accessible to children born in remote rural areas who participate in seasonal agricultural activities alongside adults; elimination of legislative and bureaucratic barriers to the informal sector.

28. In some instances, a holistic approach by UNDP is called for. In others, where domestic and other resources are applied extensively, UNDP assistance may be required only to eliminate a few critical constraints in a targeted manner. Impact is critical in programme design and implementation throughout.

Mongolia: A concerted effort to eliminate poverty

Perhaps the best example of a programme approach to poverty elimination is the case of Mongolia. Following political and economic liberalization in mid-1990, Mongolia went through a period of economic crisis that lasted through much of 1993. The dislocations in the economy caused by the transition to a market economy was compounded by the disintegration of the former Soviet Union, Mongolia's main trade and aid partner. At an in-country donor meeting convened by the Government/UNDP in September 1992, UNDP expressed concern about emerging poverty in Mongolia. At the time, both the Government and the World Bank considered poverty in Mongolia to be transitory and an urban phenomenon on the premise that the rural nomadic populations are insulated from the effects of the economic transition process. However, at the same time, World Bank reports indicated that there were serious problems in the export of livestock because of the disruptions in livestock trade, a major source of income for the rural areas.

A World Bank/Save the Children Fund mission fielded in late 1992 found indications of poverty in the rural areas. UNDP followed up with a mission in mid-1993 (financed from the Swedish Human Development Trust Fund), the purpose of which was to look at poverty, specifically in the rural areas. The mission confirmed serious poverty because of negative terms of trade in the rural areas; the disintegration of social services and infrastructural bottlenecks. At the annual World Bank/Japan donor meeting held in Tokyo in October 1993, at UNDP's request, poverty was put on the agenda and resulted in expressions of donor concern and support for action. The UNDP mission report was also distributed to the donors. Following the donor meeting, the Government requested UNDP to take the lead in coordinating donor assistance for poverty alleviation.

From the very outset, it was recognized that other donors to Mongolia, including United Nations agencies, multilateral financing institutions, bilateral donors and NGOs, will have to be brought on board, both for substantive contributions and future financial support. To initiate this process, the country office prepared a background paper highlighting key issues relating to poverty in Mongolia. This was circulated to various donors, indicating the Government/UNDP intention to field a major mission and requesting confirmation of interest in participating in the mission as well as substantive comments on the background document. The paper received positive response from the International Labour Organization (ILO), the International Fund for Agricultural Development (IFAD), the United Nations Population Fund (UNFPA) and UNICEF, who participated in the mission at their own cost. The World Bank also responded positively, indicating that a World Bank mission would overlap and coordinate with the mission. The mission included experts in: macroeconomics with a human development orientation; employment and social safety; rural development with special knowledge of nomadic populations; gender issues and participatory approaches.

The mission thoroughly assessed poverty in Mongolia, overall strategies for poverty alleviation and recommendations on the content of a national poverty alleviation programme. A full national poverty alleviation programme was not, however, formulated as it was felt that this would have to be done by the Government to ensure national ownership. An interministerial committee subsequently conducted extensive internal consultations and formulated a national poverty alleviation programme based on the mission's findings. This resulted in the adoption and further elaboration of the decentralized approach recommended by the mission and initial institutional structures for the management of the programme. The full package was presented at a donor meeting convened by the Government/UNDP in July 1994. The donor response was positive, with the World Bank strongly supporting the overall strategy proposed. In response to donor concerns, a mission by a social investment fund expert was fielded to recommend appropriate institutional/management structures to the Government. The Government took decisions on some issues but others could not be addressed prior to the November 1994 donor meeting. The Government reported on progress to donors, who were again very supportive.

The holistic approach to poverty alleviation, addressing both macro and micro and intersectoral linkages, was important in positioning the programme strategically. Open dialogue and partnership with other donor agencies was important in building support for the programme. This, together with the quality of analysis, resulted in full World Bank support for the programme and an indication that it would contribute $7 million to the programme. Continuing effort will be required to maintain this partnership.

Operationalization will entail further detailing of subprogrammes, delivery mechanisms, management structures and resource mobilization. This will require more internal effort that will have to be supported by appropriate UNDP assistance. The formulation of a national programme is a process that requires substantive credibility and partnership building, which will have to be designed in the process. Key steps in the process are: (a) getting Government and donor consensus on critical issues and substantive content of the programme; (b) settling institutional/programme management issues, which are often fraught with political consideration; (c) defining and detailing subprogrammes; (d) targeting donors and packaging subprogramme activities for resource mobilization.

Focus area: Employment generation

29. Employment generation is of central importance to poverty elimination. Yet it also has an important place to play for communities at a variety of levels of development. It is of critical importance in virtually all programme countries - from transitional economies, through middle-income countries, to least developed countries (LDCs).

30. The approach being developed involves further deepening collaboration between UNDP and the International Labour Organization (ILO) in particular. It goes beyond the creation of jobs for the sake of jobs. Rather, it is based on a

systematic approach to identifying market demand and creating economically viable jobs that foster sustainable livelihoods. The following steps all form part of the approach generally being adopted by UNDP and ILO in this critical area:

(a) Market assessment and identification of demand;

(b) Creation of an enabling environment for investment and private-sector development, including the application of fiscal instruments;

(c) Training/retraining of programme beneficiaries;

(d) Provision of essential inputs and services (credit, marketing, information, business advice, etc.).

31. The creation of an enabling environment for growth with jobs is an essential part not only of the UNDP approach but for the creation of sustainable livelihoods. The development of investor confidence, the creation of labour-based production, the retention of labour, the alignment of wage policies, and other essential parameters may all be addressed through sector analysis and the application of fiscal and monetary instruments.

32. In the case of LDCs, the approach primarily entails the creation of micro-enterprises. In countries with large-scale parastatal systems of production undergoing privatization and extensive downsizing, the approach involves extensive retraining to enable workers to fulfil new areas of demand. In the case of privatized companies of significant size, retraining programmes are to be established in target industries themselves as this provides the most sensitive assessment of changing demand. In the case of micro-enterprises, the assessment of demand and supply relationships is more complex. Innovative methods, including roving teams, have been created to assess demand on a continuing basis. The creation of revolving funds is essential to most schemes. A sign of success is the ability of beneficiaries to repay their loans and to render these funds sustainable.

Focus area: Advancement of women

33. Signatories of the Committee for the Elimination of Discrimination against Women (CEDAW) have committed themselves to the attainment of fundamental legal rights for women. The most fundamental challenge - one that UNDP intends to assist Governments and relevant institutions of civil society to address - is the complex issue of the economic and political empowerment of women. Attitudinal and other behavioural changes, it is believed, stand a greater chance of taking hold if economic and political empowerment is achieved. True empowerment in this context can take place only through the mainstreaming of women in economic production and decision-making at a variety of levels. This needs to be buttressed by legal provisions that guarantee their rights. In order to achieve this, UNDP programmes in this area of focus do not address women in isolation. Rather, they address gender roles, ensuring more effective participation and empowerment of women.

34. The Gender-in-Development Programme (GIDP) has developed, in collaboration with the Regional Bureaux, an overall strategy for mainstreaming gender concerns in country office activities. This strategy involves a focus on six thematic areas (governance, environment, poverty eradication and crisis situations, legal framework and statistics and data analysis). Several examples of actual programmes exist, which are given in the annex.

Focus area: Environmental regeneration

35. It is perhaps in the context of the legacy of the United Nations Conference on Environment and Development (UNCED) that strategies and approaches are best defined in the area of environmental regeneration. The UNDP niche in the follow-up to Rio has focused on support to countries in building capacities to supplement Agenda 21, in phasing out ozone-depleting substances in support of the Montreal Protocol, in land management and desertification control activities, in a global forestry initiative and in defining a UNDP approach to alternative and sustainable forms of energy as one of the most critical factors in the management of the environment.

36. The Sustainable Energy and Environment Division (SEED/BPPS) was established to support UNDP efforts to incorporate environmental concerns at the earliest possible stages of economic decision-making, as recommended under Agenda 21. It will assist in evolving strategies for sustainable energy, forestry, agriculture, biodiversity and other resources; in devising policies to increase the productivity of the stocks of ecological capital on which future economic development depends and to protect the environment both locally and globally. SEED is to promote vigorously the full implementation of Agenda 21 and other Earth Summit agreements and build on the foundations laid there. SEED's work is greatly facilitated by the recently established network of national programme officers recruited as sustainable development advisers.

Underpinnings of programme initiatives in the areas of focus

37. National capacity remains at the core of all four focus areas. UNDP assistance for the development of national capacity includes the reform of policies at the macro level thereby ensuring retention of qualified personnel, including fiscal polices, public administration law, civil service reform, including downsizing and the creation of professional incentives and more rational differentiation between salary scales. In certain instances, particularly in the interest of fostering the rehabilitation of countries emerging from complex emergencies, such assistance may even involve steps to assist national authorities with the establishment of functioning institutions of democracy.

38. Governance in terms of the establishment of effective decision-making structures at a variety of different levels is a crucial aspect of work on empowerment. A strategy paper entitled "Public Sector Management, Governance and Sustainable Human Development" was prepared by the Management Development and Governance Division of BPPS. The paper provides the conceptual framework for programmes dealing with governance in public sector management.

III. STRENGTHENING UNITED NATIONS COOPERATION FOR SUSTAINABLE HUMAN DEVELOPMENT

A. Strengthening United Nations coordination at the country level

39. At the UNDP global meeting at Rye, it was determined that four elements would need to be addressed in order to strengthen the resident coordinator system: (a) the allocation of financial resources specifically for the resident coordinator function; (b) the allocation of staffing resources specifically to support the resident coordinator in his/her functions; and (c) the need to make personnel and other essential resources available for the coordination of the United Nations system in the context of broader United Nations operations, particularly in complex emergencies, with the requisite rapidity and efficiency. An action plan with clear deadlines for strengthening the resident coordinator function has been prepared and implementation is under way.

40. Under the proposed framework for the next cycle, a total of 1.7 per cent of core resources will be allocated in direct support of the resident coordinator function. It is further proposed that 4.3 per cent of core resources be allocated in support of United Nations operational activities, ensuring that funds are available to mobilize the capacity of the United Nations system in support of coordinated programmes of action.

41. In its decision 93/35, the Governing Council approved the establishment of 41 sustainable development National Officer posts in addition to the existing Senior Economist posts to provide further substantive support to the resident coordinator.

42. The resident coordinator pool has been broadened to encompass candidates from the Joint Consultative Group on Policy (JCGP) agencies as well as from the Office of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Secretariat. Since January 1994, a total of six resident coordinators have so far been selected from the United Nations, the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), the United Nations Industrial Development Organization (UNIDO) and the United Nations Conference on Trade and Development (UNCTAD). It is hoped that this will lead to greater understanding of the priorities of different agencies and an enhanced sense of ownership of the resident coordinator system on the part of the agencies.

43. Joint training of United Nations agency representatives and resident coordinators at the ILO Turin Centre has been stepped up. A total of 13 workshops have been held to date, with 63 staff from UNDP and 305 staff from other United Nations agencies being trained. Feedback received suggests that these workshops not only result in a greater sense of common mission but a sense of camaraderie which is often of crucial importance at the country level. The Disaster Management Training Programme sponsored by UNDP and the Department of Humanitarian Affairs (DHA) has proceeded apace, training personnel for United Nations and bilateral agencies and NGOs in the management of disasters.

44. The training of resident coordinators and other staff also continues to be performed under the Disaster Management Training Programme, strengthening their capacity to serve as humanitarian coordinators on behalf of DHA in conjunction with their resident coordinator function.

45. Under the Administrative Committee on Coordination (ACC) machinery, a new resident coordinator system statement was issued that considerably strengthens the role of the resident coordinator and clarifies the roles of agencies involved. The statement builds upon the work recently performed by UNDP in this area.

46. Agreement has been reached with the Department of Public Information for the resident coordinator to assume progressively the overall functions of the United Nations Information Centre (UNIC) Director, providing further and more effective integration of the United Nations system at the country level.

47. Under the overall umbrella of the resident coordinator, it is essential that the capacities of the United Nations specialized agencies be mustered effectively in sectoral coordination. In many countries already, resident coordinators have established sectoral subcommittees led by the relevant United Nations agency representative to ensure coordination at the sectoral level.

48. Finally, in the context of the Inter-Agency Standing Committee on Humanitarian Affairs, some progress has been achieved in ensuring the integrity of the United Nations system in the context of special operations in complex emergencies. This will need to be reviewed by the Economic and Social Council and the General Assembly. Much more probably needs to be done to ensure that the system functions with maximum effectiveness and that assistance delivered in the midst of emergency conditions lays the foundation for recovery, rehabilitation and long-term sustainable development.

B. Strengthening United Nations coordination at the global level

49. The decision of the Secretary-General to call on the Administrator to assist him in ensuring policy coherence and coordination of the United Nations operational activities has better placed UNDP to fulfil its second mission goal.

50. At the request of the Secretary-General, the Administrator has provided support to the Secretary-General on (a) the Agenda for development; (b) the Africa Initiative of the ACC; (c) planning and coordination of United Nations follow-up to global conferences. He has also participated as a member of the operations task force and has provided general advice to the Secretary-General on creating a degree of policy coherence and coordination in operational activities.

51. Considerable success has been achieved in increasing the clarity of respective roles within the United Nations system:

(a) A statement of principles was signed with the United Nations Environment Programme (UNEP), outlining respective roles and an intention to collaborate between the two organizations;

(b) A statement of principles was signed with the Food and Agriculture Organization of the United Nations (FAO) on food security, a central aspect of sustainable human development in many countries;

(c) The high-level task force between UNDP and the World Bank was revitalized, resulting in the ongoing negotiation of a revised statement of principles for collaboration between the two agencies. The task force has also resulted in the establishment of the basis for intensified collaboration between the two agencies in forestry and poverty alleviation. Collaboration on decentralization of government is also expected between UNCDF and the World Bank. Plans to proceed with joint programming in select countries is expected to begin in the coming year;

(d) Discussions on enhancing collaboration at the country level between UNDP and UNHCR on the reintegration of populations displaced by war are currently ongoing;

(e) The governance issues concerning the Global Environment Facility (GEF) have been resolved and the GEF Instrument has been approved, delineating the roles of UNEP, UNDP and the World Bank.

52. Following the evaluation of aid coordination and its effectiveness, arrangements for aid coordination are currently under discussion with the World Bank, revisiting the existing agreement between the agencies, with a view to making more effective use of existing coordination arrangements.

53. Following the conclusion of the International Conference on Population and Development, the Administrator was requested by the Secretary-General to oversee and coordinate the follow-up to the conference's programme of action in close collaboration with the Executive Director of UNFPA.

54. At the request of the Secretary-General, the Administrator is in the process of establishing inter-agency working groups to coordinate follow-up on the World Summit for Social Development. He has also established a task force under the chairmanship of the Associate Administrator for further strengthening the role of regional economic commissions. Mechanisms are in the process of being established - with collaboration between UNDP and the regional economic commissions for the coordination of United Nations activities at the regional and subregional levels.

55. Finally, in the Europe and Commonwealth of Independent States region, TSS-1 funds have been allocated specifically to facilitate the involvement of United Nations agencies in the planning and management of development. Several missions have been mounted to assist Governments in the preparation of their plans and programmes and to seek ways to mobilize resources for SHD and facilitation of their economic transition.

IV. STRENGTHENING INTERNATIONAL COOPERATION FOR SUSTAINABLE HUMAN DEVELOPMENT

56. Under the small, but active, Development Studies Programme (now Office of Development Studies), UNDP has sponsored a variety of forums, bringing together former and current leaders, development thinkers, scientists, economists and other eminent personalities to consider issues of current importance to global development, with particular emphasis on SHD.

57. The Human Development Report 1994 provoked extensive discussion prior to the World Summit for Social Development by focusing attention on issues of marginalization and empowerment and human security as well as potential resource compacts to generate funding for human development. It is clear that the hotly debated report did have an impact on thinking and discussion at the Summit itself.

58. Several proposals floated at international conferences for the mobilization and targeting of resources for development have been adopted to varying degrees by some member Governments. The 20/20 concept and establishment of a partnership facility for capacity development have both received attention. The introduction of a tax on speculative foreign exchange transactions as a source of funding for development has also drawn interest from several countries and is now being studied more systematically. Much additional study would need to be conducted before these concepts can be implemented.

59. UNDP has worked extensively with UNICEF, UNFPA, the Department for Policy Coordination and Sustainable Development (DPCSD), the Department for Economic and Social Information and Policy Analysis (DESIPA), the Department of Public Information (DPI) and other departments and programmes of the United Nations in providing support to the Secretary-General and member countries in their preparations for the International Conference for Population and Development and the World Summit for Social Development. Using its network of country offices, UNDP has assisted many programme countries in the preparation of their positions at these global summits. This has been achieved through the commissioning of issue papers, national workshops and conferences. UNDP is also co-sponsoring the preparation of Habitat II through the United Nations Centre for Human Settlements (UNCHS).

60. UNDP supported the preparation of several dozen national reports on the status of women as part of its contribution to preparations for the Fourth World Conference on Women, most of which were based on gender analysis, and the collection of gender-disaggregated data.

61. At the request of the Secretary-General, UNDP will also be intensely involved in follow-up to these global conferences, attempting to bring together the capacity of the United Nations system in support of programmes designed to meet conference objectives.

62. In 1994, in collaboration with the Inter-American Development Bank and member Governments of the region, UNDP co-sponsored development-related preparations for the Summit of the Americas, which served to map out areas for

enhanced regional cooperation and development and movement towards greater participation in development planning and management.

63. In the Asia and Pacific region, UNDP sponsored a regional meeting of development ministers in Kuala Lumpur, Malaysia, to facilitate dialogue on strategies for collaboration and for development in the region.

64. UNDP was heavily involved in the preparations of the Convention on Desertification Control and the Convention on Climate Change. Both SEED and UNSO have been heavily involved in this process, assisting with both the preparation of country positions and the convention itself.

65. In 1994, the Administrator participated as the keynote speaker in the Development Assistance Committee (DAC) seminar on capacity-building and technical cooperation. UNDP was subsequently accorded permanent observer status in DAC. It is hoped that the collaboration that will result will lead to a better common understanding of development approaches and priorities.

V. STRENGTHENING THE CAPACITY OF UNDP TO PERFORM ITS NEW MISSION

A. Strengthening UNDP capacity at the country level

66. The greatest strength of UNDP continues to be its delivery capacity, with 85 per cent of its entire staffing complement located in its country offices. A systematic effort has been under way to address the structure and processes of the organization in order to equip it better to fulfil its new mandate.

67. In the ongoing effort to strengthen country-level representation, no fewer than 38 new, first-time resident representatives have been appointed since June 1994. These appointments reflect a batch of carefully selected individuals who are expected to strengthen the management of country offices and enable UNDP to provide more effective leadership in the coordination of United Nations operational activities.

68. In order to increase the efficiency and effectiveness of UNDP programmes at the country level, 1994 and early 1995 saw the adoption of a number of measures further empowering country offices to implement programmes in line with the new priorities. 1994 saw the extensive implementation of the new $3 million level of financial authority delegated to the regional bureaux, accompanied by revised procedures for the Programme Review Committee. Resident Representatives were authorized to approve projects of up to $1 million without referring to headquarters. Administrative procedures were further decentralized with the allocation of procurement authority to resident representatives up to a level of $100,000.

69. In line with the new requirements, guidelines for the programme approach were issued along with a new comprehensive format for programme support documents and programme support implementation arrangements.

70. The new involvement of UNDP in SHD in accordance with the "Initiatives for change" report requires the mainstreaming of substantive capacity in the operations of UNDP. Efforts are currently under way to look at ways in which existing posts can be redeployed to provide country offices with ready access to substantive capacity in multidisciplinary areas that cannot otherwise be accessed from the United Nations specialized agencies but are nevertheless required for the implementation of programmes in the new areas of focus. As a part of this process, steps are under way to review further the structure of country offices and ways in which they can be reinvented to reflect the nature of their programmes better and to increase efficiency and effectiveness.

71. In the context of country office support to national execution and contingent on the establishment of local contracts committees, resident representatives have been accorded authority to approve contracts or series of contracts involving total commitments of up to $100,000.

72. A wide range of administrative business processes ranging from travel to local recruitment and local procurement have been decentralized fully to country offices with outsourcing practices being adopted in a number of cases in order to ensure greater cost effectiveness. In order to enable this, even more rigorous and intensive auditing procedures have been instituted by outsourcing the audit function to established accounting firms with regional or subregional headquarters (e.g., Price Waterhouse in Asia). Country offices have also been empowered to redeploy funds between budget lines under the administrative budget within strict limits in order to ensure efficient use of resources.

73. UNDP has become the first United Nations organization to be accepted as a member of the Society for Worldwide Inter-Bank Financial Telecommunications (SWIFT), a financial communications system using leased lines owned by banks. This has improved cash management capabilities while resulting in savings of $250,000 per year in general operating expenditures, as well as reductions in staff costs.

74. Improved reporting arrangements have greatly reduced the cost of preparing and dispatching documents, yet have at the same time made managers more accountable for their activities.

75. A total of 13 countries are in the process of being selected as centres of experimentation, where trials of new monitoring and evaluation procedures and performance indicators based on programme impact are being run with a view to raising both substantive and administrative accountability. The objective is replication based on lessons learnt.

76. Further clarification of implementation arrangements for projects and programmes has enabled UNDP to take a more active role in supporting national execution and this has enabled the increasingly widespread application of national execution. Of critical importance has been the clarification of procedural arrangements enabling UNDP to contract NGOs directly for programme implementation.

77. Extensive work has gone into rationalizing the relationship of the United Nations Office for Project Services (UNOPS) to UNDP and the rest of the United

Nations system and the new arrangements are expected to enable more efficient use of its capacity in the implementation of the new mission of UNDP.

B. Strengthening UNDP capacity at headquarters

78. The evaluation function of the former Central Evaluation Office has been further strengthened by linking it directly to corporate decision-making and strategic planning. The Office of Evaluation and Strategic Planning (OESP) has begun to reinforce accountability and reinforce the process of change management with assessments of experience gained.

79. The Bureau for Programme Policy and Evaluation has been reconfigured and renamed the Bureau for Policy and Programme Support (BPPS). Several divisions within BPPS have also been reconfigured to reflect better the areas of focus in the new UNDP mission (Divisions for Social Development and Poverty Elimination, Sustainable Energy and Environment, Management Development and Governance and Science, Technology and the Private Sector). In order to gain a position of intellectual leadership, the expertise of UNDP has been strengthened by acquiring a limited number of carefully selected international experts under appointments of limited duration (ALD) arrangements.

80. The Office of the United Nations System Support and Services (OUNS) has been created to strengthen and coordinate UNDP efforts to fulfil its second mission, namely that of helping the United Nations family become a unified and powerful force for human development.

81. The Office of Development Studies (ODS) builds on what was the Development Studies Programme to monitor global policy trends and to provide policy analysis of options for the international community involved in international cooperation for development.

82. The Division for External Affairs has been strengthened and upgraded to the Bureau for Resources and External Affairs (BREA). Particular emphasis has been placed in the strengthening of BREA on enhancing the resource mobilization capacity of the organizations, its media and public affairs capacity on the creation of a specific focal point for external policy matters.

83. A staff management working group, composed of UNDP staff from the field and headquarters, reviewed the role of General Service staff in the organization. Implementation of some of their recommendations has already commenced within the confines of broader system constraints.

C. Retraining personnel and reinforcing accountability

84. Since the UNDP global meeting in Rye and the annual session 1994 of the Executive Board, virtually all of the bureaux and divisions of UNDP have held retreats to internalize the implications of the new UNDP mission and to develop workplans for implementation.

85. Retreats have also been held on specific topics such as capacity-building, public sector management, environmental management, and information systems to increase the understanding of staff of issues involved and to conceptualize possible approaches further.

86. Gender training continues to be a key component of UNDP gender mainstreaming strategy. GIDP, in collaboration with the Training Section, has developed a multipronged approach to training, reflecting the wide range of training needs in this area.

87. The Management Skills Programme has continued apace as has the training for Junior Professional Officers. Staff have also benefited from training at the ILO Turin Centre in order to improve their capacity to manage the resident coordinator system.

88. Procedural rules have been adjusted, allowing staff with recognized potential to take partially paid sabbaticals in order to undertake formal training to enhance their capabilities to assist UNDP in the implementation of its new mission.

89. Managerial and financial accountability is being further enhanced through the greater clarification of responsibilities and the rationalization of procedures. The strengthening of information systems and the establishment of wide area networks linking the UNDP network of offices and new information systems is expected not only to improve monitoring further but has also streamlined UNDP operations considerably, enabling the reallocation of personnel to other functions. (Examples include the databases established for finance and budget management, and the management of procurement at the country level.)

VI. THE CONSTRAINTS

90. Executive Board decision 94/14 calls for very fundamental reforms of UNDP and its operations. The degree to which this has taken place is in part dependent on the overall environment. This environment has been characterized by declining Official Development Assistance (ODA) and, in particular, severe cuts to funding through multilateral channels, and has placed pressure on UNDP to show rapid results. The call for added substantive focus and overall adjustment in the UNDP mission has also come towards the end of the fifth programming cycle, when uncommitted resources are scarce. Indeed, total indicative planning figure (IPF) approvals as of 1 July 1994 amounted to $2,361 million against available entitlements of $2,933 million. With an existing pipeline of $468 million, this left just $84 million available for new programmes (see fig. 2). A further $1 million was allocated from the Special Programme Resources (SPR) for each region for promotion of sustainable human development. Unutilized TSS-2 resources were re-allocated to TSS-1 and used to foster SHD initiatives in the Europe and Commonwealth of Independent States region.

91. New and innovative programme development has therefore been accomplished almost exclusively through the implementation of relatively small-scale pilot

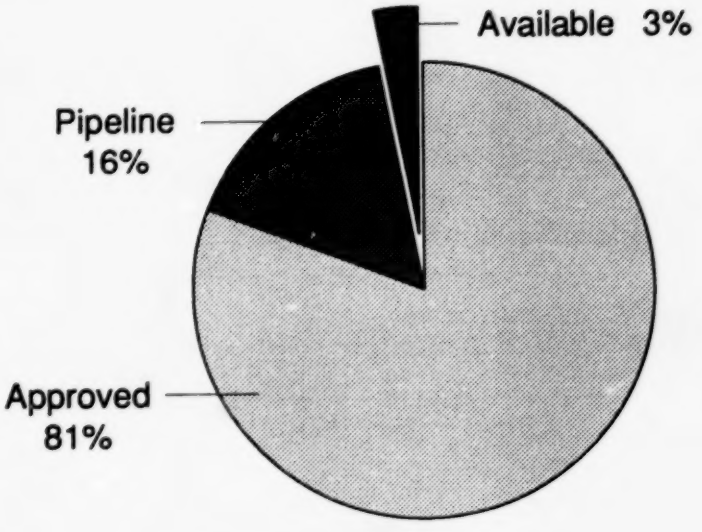
programmes and projects, with a view to leveraging additional non-core resources in the future, and through the review and reallocation of funds under ongoing country programmes at their mid-term. Thematic and other non-core resources have also been used where available.

92. Because of cuts in core contributions (see fig. 3), and in the context of a continuing drive to promote rationalization of business functions and overall cost-efficiency, the above changes have also been introduced in the context of severe budgetary restraint. Between the 1992-1993 and the 1994-1995 biennial budgets, a total of $53.6 million was cut from the administrative budget. Cuts have come primarily at the cost of staff positions, both at headquarters and at the country level. A total of 153 staff (26 per cent) have been cut at headquarters and 302 (8 per cent) have been cut in the field in line with the need of UNDP to maintain its role as a decentralized, country-based organization. Included in the cuts was a 15 per cent reduction in the number of Assistant Administrator and D-2 posts.

93. This has placed considerable added strain on the organization. UNDP has reached a critical juncture. At the present time, in view of continued resource uncertainties, a process is under way to downsize the organization further. These additional cuts are being undertaken bearing in mind the priorities established under 94/14, seeking to limit damage to the capacity of UNDP to fulfil its new mission to a minimum. Considerable attention will need to be paid to ensuring that UNDP is re-established on a sound financial footing, enabling the fully fledged programme shift and the operationalization of SHD.

94. It is also essential that structural and process changes within the organization be intensified and brought to closure during the course of 1995-1996 in order to re-establish stability and enable full emphasis on programme development and implementation with enhanced effectiveness and efficiency.

Figure 2. Status of fifth cycle IPF resources as of 1 July 1994



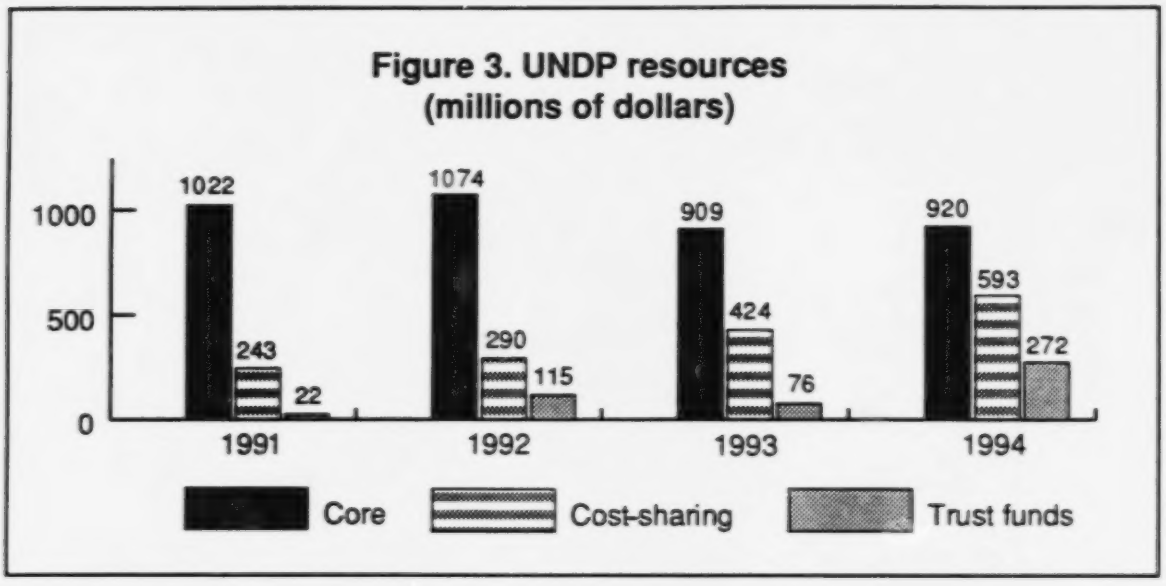


Figure 3. UNDP resources
(millions of dollars)
1000
500
0
1022
243
22
1074
290
115
909
424
76
920
593
272
1991
1992
1993
1994
Core
Cost-sharing
Trust funds

VII. THE IMMEDIATE FUTURE

95. The management of necessary change has pushed UNDP in many directions - some welcomed and others not so welcomed. It has required, for example, that UNDP continue to adjust and focus its programmes in the countries it serves, shifting its work upstream to broad policies and programmes, reducing the proliferation of isolated projects and addressing difficult goals such as providing the poor with decent jobs and even difficult concepts like good governance and implementation capacity. It has required:

(a) Upgrading the capacities of country offices;

(b) Decentralizing and empowering national and General Service staff;

(c) Resolving the issues of UNOPS and integrated offices;

(d) Bringing the United Nations Capital Development Fund, the United Nations Development Fund for Women, the United Nations Sudano-Sahelian Office, the United Nations Volunteers and the Special Unit for Technical Cooperation Among Developing Countries into closer synergistic relationship with the main line of the reformed programme;

(e) Establishing closer alliances and partnerships with United Nations funds, programmes, departments and specialized agencies, including its partners in emergency relief;

(f) Stopping the further loss of core resources and accountability;

(g) Becoming more efficient, slimmer and streamlined;

(h) Restoring staff morale and confidence in the midst of downsizing and belt-tightening; and

(i) Strengthening the general development and management of the organization's human resources.

96. The coming year is a crucial one for UNDP. It is essential not only to get the organization on a stable financial footing but to complete structural and procedural changes in order to enable it to fulfil its mission. Five key goals have been drawn up for the organization in 1995/96:

Goal 1: Strengthening country offices for the implementation of SHD: This involves providing access to substantive capacity and further empowering country offices in the implementation of programmes;

Goal 2: Resource mobilization and constituency-building: An aggressive and diversified resource mobilization campaign supported by a vigorous and articulate public-awareness drive seeking non-core resources;

Goal 3: Preparation of the 1996-1997 biennial budget strategy and fifth cycle successor arrangements: Assisting member countries in determining appropriate arrangements for the next programming period and the preparation of a budget strategy that undertakes the necessary downsizing in a manner which compromises the organization's ability to fulfil its new mission to a minimum degree;

Goal 4: Improving management accountability and information systems: Strengthening financial, management and programme accountability, establishing improved systems for monitoring performance and rationalizing responsibilities. Developing information systems that enable effective monitoring of UNDP performance in fulfilling its objectives in the areas of focus;

Goal 5: Improving support to the United Nation system and fulfilling the role of UNDP continuum: Continuing to broaden UNDP partnerships in the United Nation system. Supporting the ongoing discussion on the Agenda for development, relations with the Bretton Woods institutions and specialized agencies, new initiatives for Africa, and past and future United Nations conferences and conventions providing entry points to strengthen both UNDP and its partnerships inside and outside the United Nations.

VIII. EXECUTIVE BOARD ACTION

97. The Executive Board may wish to:

Take note of the present report.

Notes

1/ In particular, decision 94/14 built on resolutions calling for UNDP to: focus its programmes; maximize the use of national capacity through national execution; develop and promulgate the programme approach; strengthen the resident coordinator system; and maximize the use of the overall capacity of the United Nations system in the planning and implementation of development.

Annex

EXAMPLES OF PILOT PROGRAMME INITIATIVES ADDRESSING THE NEW AREAS OF FOCUS OF UNDP

1. These select examples of programme initiatives reflect aspects of the approach adopted in each of the areas of focus. Some are programmes initiated in the past nine months since the approval of "Initiatives for change". Others are activities initiated earlier and under implementation in 1994-1995, which demonstrate successful approaches which could be replicated under the next programming cycle.

Area of focus: Poverty alleviation

2. Learning from the successes of community-based rural development programmes such as the Area Development Schemes in Sudan and the community-based reintegration programmes for the war displaced in Central America and Cambodia, similar programmes were launched in Mozambique, and initiated in parts of Somalia. Because of their flexible fundamental nature, which is the promotion of community-based planning and management, such schemes could potentially be replicated under a wide variety of circumstances and conditions. Based on the creation of development management capacity at the community level, these programmes have promoted private production, income-generation, environmental management and the economic integration and advancement of women. More specifically, by providing communities with access to essential resources, they are enabling communities to overcome critical constraints to their development and are fostering sustainable human development on their own terms. Building as they do on the social fabric and traditional institutions of civil society, these schemes have proved effective even in the post-conflict situations cited above. As in the case of the earlier schemes, effective outreach is achieved through a variety of modalities, including community-based traditional institutions, UNV specialists, NGOs, small private contractors, and United Nations specialized agencies.

China

3. China's "8-7" programme aims - in seven years - to raise the living standards of the 80 million Chinese citizens who still live below the poverty line. A part of this programme is a poverty alleviation initiative targeting six poor counties in south-western China, supported by UNDP and several United Nations specialized agencies. It emphasizes income-generation, health and education, and features a participatory approach. UNDP is supporting the work of the China Community Corps in identifying poor households and organizing members into self-help groups. WFP is contributing food aid to support terracing and other sustainable agricultural practices. UNICEF provides maternal/child health care and primary education. The International Fund for Agricultural Development (IFAD) provides for rural credit.

Uganda

4. Six community groups formed in Katwe, a shanty town on the outskirts of the capital of Kampala, Uganda, developed income-generating projects and used the proceeds to provide the village with safe water and sanitation. The main drain was reconstructed and a low-cost ferro-cement technology is being employed to produce secondary and tertiary drains. These have diverted waste from an area of approximately 11,000 square metres. Access to the public water supply was made available through standpipes, on a cost-recovery basis, providing safe water on an economically sustainable basis to approximately 180 households. Vault latrine technology was adapted to the high-water level areas using a sealed waste container. A manually operated portable sludge pump is being developed to serve highly congested areas. A manufacturing process recycling organic waste into fuel briquettes was developed. Because these briquettes burn twice as long as conventional ones, sales increased 40 per cent during a five-month period, providing income to women's groups. Revolving funds are provided for the investment in technology.

Madagascar

5. In Madagascar, growing fish in irrigated rice fields can provide near-subsistence farmers with extra food and income. However, fish production on the high plateau rice fields plunged from 880 tons a year in 1960 to 230 tons in 1990 with dramatic effects on some of the poorest communities in the country. An aquaculture development strategy was devised to promote fish farming and marketing techniques among 125,000 rice farmers. Government production of fingerlings was phased out and supplanted by 81 private fingerling producing farms. Fish production rose to 1,600 tons a year, a sevenfold increase. The programme has improved rural nutrition, incomes, and living standards.

Namibia

6. Before Namibia gained independence in 1990, inferior housing was all that was available for the majority of the country's people. With UNDP/UNCHS support, the Government has devised and is implementing a national housing programme that supports efforts of the lowest-income groups to build their own houses. Some 3,380 families have been able to purchase plots, construct new homes or improve old ones through a revolving loan programme. The unique feature of the "Build-Together" national housing programme is that it provides the opportunity and freedom for a family to build its own house according to individual needs, priorities and resources. The average loan to meet the housing needs of a low income family is $3,600.

Togo

7. In Togo, as part of a programme to promote small-scale, income-generating and community development activities, 7,247 participants were taught basic reading, writing and mathematical skills. There were 312 literacy centres established and 580 local literacy teachers trained. The project was supported by 48 UNV District Development Service (DDS) officers, who helped to establish rural-community development activities and income-generating projects. Cooperation with "Trickle-Up", a United States-based NGO, resulted in

disbursement of $11,800 to 118 village associations, with a total membership of 490 women and 385 men.

El Salvador

8. In El Salvador, some 7,000 farmers in the Cabañas and San Vicente departments have benefited from UNDP support to the Project Execution Unit of the Ministry of Agriculture. Of these, more than 2,000 small agricultural producers have received credits totalling $1.1 million. Approximately 2,500 Project Execution Unit technicians and small producers have been trained in sustainable agricultural techniques, entrepreneurial development and credit management. Twenty-six demonstration farms have been established to carry out research and extension activities. Six pilot commercial groups have been established, resulting in the farmers paying lower prices for seeds and fertilizer and receiving higher prices for their produce. Many farmers have diversified their production from basic crops and are now producing vegetables and fruit.

Mexico

9. With residents performing the ancient tradition of tequio, or contributing their labour to community projects, 980 villages in the poor southern Mexican state of Oaxaca were helped to meet their basic water needs. Each community decided on the location and type of water supply it needed. More than 2,760 sub-projects were undertaken to supply water for household consumption, livestock and irrigation. The low-technology, low-cost projects were built by the communities themselves with the project contributing pipes, cement, reinforcing rods and wheelbarrows. The second stage of the UNDP programme, called Lluvia, Tequio y Alimento (rainfall, community work and food), was to help the communities with productive activities, including erosion control, aquaculture, planting fruit trees and marketing locally produced crafts. The state government contributed $11 million and WFP donated food to the participating communities. Many aspects of the programme, particularly the participatory approach, were adopted by the Federal Government in its $2.5 billion-a-year poverty reduction programme, "Programa Nacional de Solidaridad".

Lesotho

10. To improve rural incomes and speed fresh produce from producers to consumers in Lesotho, UNDP helped the Government to develop a market information system; strategies to overcome marketing constraints; mechanisms for regulating fresh produce imports; and procedures for the efficient marketing of eggs, poultry and milk. It trained marketing staff in a range of subjects, including data collection, analysis and use; crop monitoring; production planning; identification of market constraints; and planning for market extension.

11. These and other innovative poverty elimination programmes are currently being piloted. Subject to the availability of funding under the next programming cycle, they will be extensively replicated, providing a very real focus to UNDP operational activities at the country level.

Area of focus: Employment generation

Ethiopia

12. In Ethiopia, the Government has formulated a national programme on human resources development and utilization that looks at both the supply and demand for human resources. The employment and livelihoods subprogramme has set a target for creating 24,000 additional jobs per year over five years and focuses on areas such as the informal sector, small and medium-scale enterprise promotion, agricultural wage employment and rural on- and off-farm employment.

Seychelles

13. In the Seychelles, the national human resource development programme has as its objective increasing labour productivity through the creation of an enabling environment and incentives to the private sector and through reforms leading to greater capacity and increased efficiency in the public sector.

Chad

14. In Chad, with support from UNDP, Volunteers in Technical Assistance (VITA) extended a USAID-sponsored programme successfully set up in the capital of N'djamena to the town of Moundou. VITA offers clients credit and advice on management, marketing and bookkeeping. Doubling initial targets, in Moundou the project granted 900 loans, totalling over $700,000, for 73 small, medium and micro enterprises. This created 1,315 new jobs. More than half the loans went to women. The UNCDF now plans follow-up investment of up to $1 million.

Comoros

15. In Comoros, development of the private sector was an integral part of the structural adjustment programme adopted by the Government in order to restore the economy. A fund was created to finance and guarantee credits for entrepreneurs. A centre was also created to help entrepreneurs to develop ideas that would attract financing from the fund, or from the Development Bank of the Comoros. The centre also provides training and technical follow-up for new entrepreneurs, as well as technical assistance to help existing enterprises. So far, 48 enterprises have been created, generating 190 jobs, and 200 entrepreneurs have received training. The centre has accepted 465 plans for further development.

Guinea

16. A three-year project in Guinea, for which UNDP is providing $2.2 million, aims to establish 100 small and medium-size enterprises; strengthen the revolving loan fund for small and medium sized entrepreneurs set up through earlier UNDP support; and develop a viable project evaluation, monitoring and follow-up unit within the Office of Private Investment Promotion (OPIP). Now at its mid point, the project has already identified 356 potential enterprises. The credit scheme has been redefined and a reimbursement rate of 100 per cent secured on loans approved, 40 per cent of which were made to companies managed and owned by women. Within OPIP, the project has created and trained a

well-integrated and confident group of professionals able to assess projects, give technical advice and management guidance to entrepreneurs and monitor and evaluate existing projects. Based on the success of this project, $7 million has been mobilized, mainly from the African Development Bank, for a new project to promote entrepreneurship among women and strengthen their representation in the modern private sector. The World Bank, the European Union, France and the German NGO, Friedrich Ebert Foundation, have all shown interest in participating.

Cambodia

17. After 20 years of war, economic isolation and central planning, Cambodia is one of the poorest countries in the world, with annual per capita income estimated at $150. Among the most vulnerable groups are women, who make up over 60 per cent of the adult population, head up to 35 per cent of households and constitute the bulk of the labour force. Many depend on small-scale income-generating activities in the informal sector but earnings are limited by their lack of literacy, vocational and business skills and capital. The UNDP-funded Employment Generation Programme covers vocational training, labour-based infrastructure rehabilitation, and small enterprise and informal sector promotion. Five local economic development agencies (LEDAs) set up under the latter component have come together as an officially recognized indigenous NGO, the Association of Cambodian Ledas (ACLEDA). ACLEDA implements one programme for small-business development and another aimed at women engaged in micro business, which provide entrepreneurs with assistance, training and credit. Over 18 months, it conducted 108 small-business training programmes for 1,786 trainees, of whom 60 per cent were women, and over 1,000 of whom (68 per cent women) later started or expanded a small business. At the same time, nearly 2,000 women with micro businesses received credit from ACLEDA's revolving fund, which showed a recovery rate of over 95 per cent. Preliminary assessments indicate that ACLEDA's clients in micro business have increased their incomes by an average of 45 per cent and clients in small business by an average of 65 per cent. Based on new jobs generated and average family size, an estimated 25,000 low-income people now enjoy a higher standard of living thanks to the programme.

Kenya

18. In Kenya, training and credit schemes are critical factors in finding work for the country's disabled, who are expected to number one million, in the 15-45 age group, by the year 2000. Eleven production workshops and four sheltered workshops for the mentally disabled have been launched. A total of 168 youth polytechnics have integrated 915 disabled persons, including 393 women, into their programmes, providing training in business management skills. A major national bank agreed to launch a loan scheme to help entrepreneurs with disabilities. Loans have been provided to 241 disabled entrepreneurs, including 98 women, to launch their own businesses.

Madagascar

19. In 1990, Madagascar's centrally planned economy was replaced by a free-market oriented economy. After 15 years of socialist rule the private sector was still very weak. Foreign companies were needed to form partnerships and joint ventures with local entrepreneurs, bringing with them capital, technology, quality control procedures, maintenance and access to markets. Initially, 102 viable investments were identified and promoted through an investment promotion services network and by other organizations. The country's first International Industrial Forum, in April 1994, attracted 307 foreign participants from 16 countries. Agreements were signed relating to 55 of the 102 investment opportunities, which are expected to bring in $50.3 million and create 4,000 jobs. Eight months after the forum, eight agreements have been finalized, which resulted in investments totalling $12 million and the creation of about 700 jobs.

India

20. UNDP supports a $46 million programme to encourage new uses for jute fibres in India that promises to improve the economic well-being of some 20 million persons whose livelihoods depend mainly on jute production or processing. It is developing new uses for jute fibres in the manufacture of textiles, as well as in the creation of new composites with properties superior to many products made of wood or plastic. The relaxation of regulations prohibiting the mixture of jute with cotton and other fibres has been a main achievement. New applications for jute include home furnishings, apparel, building materials and consumer and industrial products - for example interior moulded panels for Audi, Mercedes, BMW and Cadillac automobiles.

Grenada

21. The Small Enterprise Development Unit (SEDU) of Grenada provides consultancy and referral services to help small businesses to get started. Some 250 potential entrepreneurs were trained in project preparation, marketing, finance, accounting and risk identification. Proposals for 140 new small businesses were received. So far, 20 successful enterprises have been established through SEDU, helping to create employment opportunities for some of the 1,500 school graduates who enter the job market annually. The unit was instrumental in establishing a government small-business policy, a credit guarantee scheme and a soft loan window. Based on the success of SEDU, UNDP has agreed to help establish a regional SEDU project for all member countries of the Organization of Eastern Caribbean States.

Mexico

22. Technical cooperation and a revolving fund in Mexico have helped develop more than 300 small and medium-sized firms that now employ some 5,200 workers. In addition to the revolving fund, financial resources have been provided for international consultants, international market studies and training abroad. The firms have been helped to maintain a competitive position, enter the export market, solve technical, environmental and management problems and develop new products. Over seven years, more than 93 per cent of 367 proposed projects have

received assistance. Fields covered include petrochemicals, food, metal working, textiles, footwear, handicrafts, furniture, jewellery and flower growing. Total yearly sales of the enterprises concerned are estimated at about $100 million.

Peru

23. In 1991, the Government of Peru decided to privatize more than 200 state enterprises that were producing deficits of $3.5 billion a year. With UNDP support, the national privatization Programme now manages $89 million in funds from the World Bank, Japan and Peru's Privatization Fund. In addition, UNDP has helped to establish a legal and institutional framework for privatization, developed capacity within the government to promote the sale of state assets and created a mechanism to help displaced workers to find new jobs. Each time a public enterprise is sold, two per cent of the proceeds are placed in the Privatization Fund and the money is used to help in the sale of another state firm. So far, 49 state enterprises have been sold and 12 liquidated. The process has generated over $3 billion in revenues from the sales, and an additional $3.4 billion in investment commitments.

Belarus

24. Job creation, environmental protection, energy conservation, private sector development and peace and security in central Europe are the goals of UNDP and International Labour Organization (ILO) support to Belarus. At the heart of the former Soviet Union's western defence apparatus, Belarus was the most heavily militarized country in the world at the time of the collapse of the USSR. Since then, the country has removed strategic and tactical nuclear weapons, closed scores of bases and demobilized many thousands of military personnel, transferring to local authorities the responsibility of providing them with housing and basic services. UNDP, ILO and the United Nations Economic Commission for Europe are assisting a major national programme to convert the former military bases to civilian industrial and commercial uses; promote employment of demobilized personnel; develop small and medium-size private businesses; and develop energy conservation measures. The project has begun with a detailed survey of former bases to determine their potential uses; drafted a programme of incentives for investments; and carried out audits related to energy conservation and efficiency. It is organizing a conference that will present the programme to local and foreign investors in March 1995.

Focus area: Advancement of women

Bangladesh

25. In Bangladesh, following the preparation of a 1994 national human development report entitled "Empowerment of Women", the UNDP Country Office prepared a gender-in-development action plan for 1994-1995 as part of the preparation for the Fourth World Conference on Women, including staff training, reporting and programming, allocation of special programming resources, publicity and advocacy and monitoring. A programme was designed which undertook a comprehensive review of national gender-in-development goals and sought to mainstream them in the fourth five-year plan. A further pipeline project has

been prepared to develop and disseminate analytical materials and a set of services to integrate gender into policy formation as a back-up to national mechanisms. Building on an existing programme, a cumulative total of 9000 rural poor were provided with credit and training in artisanal skills, management, basic literacy and social awareness. Women comprised approximately 60 per cent of the target beneficiaries.

Mozambique

26. In Mozambique, a revolving fund and training programmes were established to help urban women to improve their living conditions. A total of 150 women benefited from training in areas including accounting, micro-project management, embroidery, sewing, cooking, hairdressing and poultry raising. In addition, loans, averaging $1,200 each were made to 42 small-scale entrepreneurs.

Nepal

27. Eighty-eight per cent of Nepal's women are illiterate and largely excluded from the monetized economy and employment outside the home. But income-earning opportunities for them were identified in tourism, the country's third largest foreign exchange earner and an industry that can bring economic growth to remote areas. UNDP provided skills and business-related training to 435 women already operating enterprises in tourist areas, as well as to 246 potential new entrepreneurs. The first group increased profits by 20 per cent and the number of people they employed by 26 per cent while over half the potential entrepreneurs started new businesses after being trained. Along with incomes, the status of the women entrepreneurs, and their role in decision-making within and outside the family increased. There was also a favourable impact on the environment, as trainees established eco-friendly lodges using fuel efficient stoves and solar energy. Nepali personnel trained during the project are now able to replicate its methodology in other programmes.

Argentina

28. Improving the health and nutrition of low-income mothers and children in the poorest areas of Argentina is the aim of the Government's mother and child nutrition programme, launched in 1993. UNDP provides support to the coordination unit of the five-year, $150 million programme. Provincial implementing units have been created and are fully operational in coordinating the health, education and nutrition components of the programme. More than 1,650 individuals have been trained in the management of social care programmes and in issues related to health and child care. About one seventh of a $100 million World Bank loan for the mother and child nutrition programme is being used to support the coordination unit.

Ecuador

29. Lower-income women and children in marginal urban communities in Ecuador have been helped to improve their living standards through small-scale income-generating projects and expansion of housing and basic service coverage. Projects have been undertaken in the slums of Quito, Guayaquil and Cuenca. In Guayaquil's Trinitaria Island, the community is planting trees and vegetable

gardens, and using the savings of its members to install lighting and street signs and clean the main thoroughfares. They have improved their housing, sanitation and water supply, built fences and begun construction of two elementary schools. A factory producing piñatas has been established to provide income, particularly for women.

Turkey

30. In 1993, the Government of Turkey launched a programme for the enhancement of women's participation in the nation's development, with support from UNDP. The programme has created national awareness of the inequities between men and women through active pursuance of gender-disaggregated data preparation and dissemination. One example: women hold only 3 per cent of all administrative and managerial jobs. Training was conducted on such topics as women and employment, women and entrepreneurship and women and violence. Women's shelters were supported. National police were trained through workshops to deal with women in distress situations. A master's degree is being offered in gender studies programme at a local university in cooperation with the State Ministry for Women. As a result of the programme, the Ministry has obtained $1.5 million from the World Bank for employment development programmes for women.

Focus area: Environmental regeneration

Madagascar

31. In Madagascar, to redress soil and water loss due to extensive deforestation, overgrazing and bush fires, rural communities were trained in natural resources management. Three watershed protection programmes were launched and government agencies were trained in watershed planning. Several donors are using this approach as a reference point for their own projects.

Namibia

32. The seas in the 200-mile zone off the coast of Namibia are capable of sustaining large stocks of fish. To regulate fishing in order to rebuild stocks depleted before independence by foreign factory vessels, help was provided in drafting new legislation. The capacity of the Ministry of Fisheries and Marine Resources in management, planning and policy making was strengthened, and new strategies for granting fishing rights and quotas were implemented. The fisheries conservation policies have led to an increase of more than 50 per cent in hake and pilchard stocks since independence, allowing regulated total catches of these species to be doubled. In 1994, the contribution of fisheries to gross domestic product grew by 35 per cent. Fish exports are valued at $370 million, about 25 per cent of total exports. Employment in the sector is increasing at around 1,500 new jobs a year. The fishing companies, which previously were largely foreign owned, are now almost all controlled by Namibians.

China

33. Developed with UNDP support, and with the involvement of over 50 government agencies, research institutes and public organizations, China's Agenda 21 strategy is a comprehensive national development plan that aims to balance

effectively protection of the environment and natural resources with sustained economic growth distributed equally to different regions of the country. UNDP also helped to organize a donor conference during which the Government presented 62 high-priority projects covering such areas as sustainable agriculture; cleaner production; use of clean energy; conservation and sustainable use of natural resources; pollution control; population growth; and an improvement in the status of people's health, education and general welfare.

Cuba

34. Back-to-back waste recycling processes have resulted in better feed for up to 2,000 pigs and a cheap energy source for a Cuban community. This integrated environmental protection system was developed by the Ministry of Agriculture's Pig Research Institute on the outskirts of Havana. A food digester, which converts waste from restaurants, slaughter houses, fish processing centres and other plants into pig feed, was built on the basis of technology transferred by UNDP. The feed was turned back into waste by the pigs, and this waste, in turn, was automatically fed into biogas digesters. The gas produced is used to run the waste food digester, the Institute's central kitchen, and is piped into nearby rural homes, replacing kerosene, coal and wood formerly used for cooking. The liquid waste from the biogas digester is fed into a pond used to grow protein-rich algae, which is periodically farmed, ground and fed back to the pigs. The solid waste is used to produce high-quality organic fertilizer.

Panama

35. In Panama, investments, incentives, participatory consultations and education are helping slow the stripping of 70,000 hectares a year of forests that cover 40 per cent of the nation's land mass. The capacity of the National Institute for Renewable Natural Resources was strengthened to help it to identify and establish ways of mobilizing technical, economic and financial resources. New laws were approved providing environmental education and giving incentives for reforestation. National support for the tropical forest action plan is being promoted. Active participation of indigenous and farmer communities, NGOs, women's organizations and the private sector in formulating national resource policies has been encouraged by the formation of new groups. These include the National Advisory Board on Gender and Forest Development, the House of Forest Entrepreneurs of Panama, the Indigenous Technical Consultative Committee and the Committee of NGOs. Twelve new projects in the forest sector are being executed and another eight are under negotiation.

Venezuela

36. An environmentally sustainable development model was needed for the Venezuelan state of Amazonas to redress the disorganized exploitation of its vast rain forests and preserve their rich biodiversity. Several studies and proposals were developed for the sustainable use of the rain forests, promotion of new crops and the protection of certain animal species. The Amazonian Centre for Environmental Research "Alexander von Humboldt" created genetic banks of local vegetables. Extensive data on natural resources and potential tourist attractions were collected and systematically stored. Personnel of the SADA-AMAZONAS, development agency, which is responsible for developing the

region, were trained in new research and data-management techniques. The strengthened development agency has successfully negotiated with the European Union for an 8 million ECU project for the sustainable development of the Upper Orinoco, and with Germany Agency for Technical Cooperation for continued support to the Alexander von Humboldt centre. UNDP has also fielded a project identification mission to design a $4.3 million, GEF-financed project to help indigenous communities in three areas.

Jordan

37. An arid climate, and the fact that less than 1 per cent of the land has forest cover, exposes rangelands in Jordan to frequent fires and droughts. The grassy rangelands cover 90 per cent of the country's total land area. UNDP is helping train Department of Forestry staff so that they will be able to ensure sustainable use of the forest and range resources by the design and implementation of national management systems. These systems will provide employment, help enhance participation and develop income-generating activities for rural communities. FAO is supporting a continuation of the training of forestry officers in management with $208,000 from its own resources.

38. In 1984, the Executive Committee of the Multilateral Fund of the Montreal Protocol approved an additional $56.56 million in UNDP work programme. With total work programme budgets now amounting to $79.61 million, UNDP is assisting 31 developing countries in the planning, preparation and implementation of country programmes and projects to replace and phase out chlorofluorocarbons, halons and other ozone-depleting substances. This is being done through programme formulation, technical training and demonstration, institutional-strengthening and capacity-building, and technology transfer. With a total of 283 ongoing projects, UNDP is helping Governments and industry to design, implement, monitor and evaluate the implementation of programmes geared to the phasing out of ozone-depleting substances. It is expected that these projects will cumulatively result in the elimination of approximately 8,500 tonnes of ozone-depleting substances by the end of 1996.

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UNDP: MATTERS RELATING TO THE PROGRAMMING CYCLES

Successor programming arrangements

Report of the Administrator

CONTENTS

Chapter		Paragraphs	Page
I.	PURPOSE AND BACKGROUND	1 - 6	2
II.	THE THREE-TIER TRAC SCHEME	7 - 18	3
	A. Rationale for the scheme	7 - 13	3
	B. Queries about the scheme	14	6
	C. Introduction of the successor programming arrangements	15 - 18	6
III.	SUCCESSOR PROGRAMMING ARRANGEMENTS	19 - 50	7
	A. The programming situation	19 - 29	7
	B. Arrangements for the programming of TRAC resources	30 - 50	10
IV.	RESOURCE ALLOCATION STRUCTURE	51 - 70	15
	A. Introduction	51 - 52	15
	B. Refinement of the resource allocation structure	53	18
	C. Additional information on specific earmarkings	54 - 71	18
V.	RESOURCE DISTRIBUTION	72 - 82	22
	A. Introduction	72 - 73	22
	B. Refinement of the distribution option	74 - 75	23
	C. Graduation	76 - 77	24
	D. Increasing progressivity of UNDP resource allocations	78 - 82	25
VI.	CONCLUSION	83	26

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I. PURPOSE AND BACKGROUND

1. The present report is the fifth in a series of documents prepared over the past twelve months leading up to a decision on the framework for the next programming period, which is scheduled to be adopted by the Executive Board at its annual session 1995. 1/

2. In the fourth document (DP/1995/15 and Add.1) submitted to the Executive Board at its second regular session 1995, the Administrator made recommendations, which, taken as a whole, provide a firm basis for implementing the initiatives for change endorsed by the Board in its decision 94/14. As the Administrator pointed out during the lively informal discussions of the document, the deliberations on the next programming framework have created a collective appreciation of the fundamental and often drastic changes that will be needed to make UNDP as effective as possible in achieving the sustainable human development (SHD) mandate endorsed in that decision, in particular the focus on poverty elimination. In recent years the world has been affected by profound and unrelenting forces of change. Change is also inevitable for UNDP if it is to continue to help countries to progress further along the road of sustainable and people-centred development.

3. The last few years have also witnessed a series of United Nations system conferences which have shaped the development dialogue. The most significant include: the United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in 1992; the International Conference on Population and Development, held in Cairo in 1994; the World Summit on Social Development, held in Copenhagen in early 1995; and the forthcoming Fourth World Conference on Women, scheduled for September 1995 in Beijing. Through these conferences, the nations of the world have entered into collective agreements and commitments on development issues that are of key importance from both a national and global perspective. As a central United Nations development agency operating through the widest network of country offices, UNDP has supported programme countries in their preparations for these conferences and has been properly called upon to continue to support national efforts to implement these commitments. The sustainable human development vision is synonymous with the one emerging from these conferences. Thus, the recommendations made by the Administrator for changes in the programming structure of UNDP should also be seen against this larger backdrop.

1/ The first report (DP/1994/20), for the annual session 1994, reviewed the conceptual issues surrounding the main programming framework elements: programming objectives, financing mechanisms, and resource distribution. The second report (DP/1994/59), for the third regular session 1994, assessed the difficulties inherent in the present system and the changing realities of development cooperation, and generated a range of options for each of the main framework elements. The third report (DP/1995/3), for the first regular session 1995, and explanatory notes prepared for subsequent informal sessions, proposed a three-year rolling planning scheme and revised programming procedures, as well as an initial format for resource allocation categories.

4. Pivotal among the recommendations for change being proposed by the Administrator is the structure for financial allocations in the next programming period, including the allocation of country-level resources under a three-tier target for resource assignment from the core (TRAC). During informal discussions, the members of the Board expressed a large measure of understanding of the rationale for this proposal but sought further clarification and elaboration of the procedures and criteria for its operation, in particular how the scheme would function in conjunction with the proposed planning and programming processes outlined in earlier documents. Responding to these requests not only constitutes a major focus of the present document but also serves as an ideal vehicle for the consolidation and integration of the proposals relating to the various elements for programming structure for the next period.

5. To achieve these ends, the remainder of the present report examines the following topics in greater detail: the three-tier TRAC scheme; successor programming arrangements; resource allocation structure; and resource distribution.

6. Finally, it will be necessary for the Executive Board to adopt a comprehensive decision covering all components of the proposed programming arrangements at the annual session 1995. Deliberations on this subject over the past year have permitted an in-depth and iterative review of issues and options related to each of the main components of the programming framework. It is hoped that this prior airing of views will facilitate the building of a consensus on the successor programming arrangements for UNDP.

II. THE THREE-TIER TRAC SCHEME

A. Rationale for the scheme

7. Document DP/1995/15 (paragraphs 12-19) sets out the rationale for the three-tier TRAC scheme proposed by the Administrator. 2/ The Administrator has pointed out that the next programming framework must respond to a number of legislative mandates and development cooperation realities, most importantly the three goals and four focus areas endorsed in decision 94/14 on

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2/ The Administrator proposes three separate, but closely related, country-level TRAC facilities. The first facility (line 1.1.1) assigns 25 per cent of core resources immediately to countries, in accordance with the agreed distribution methodology. Under the second facility (line 1.1.2), an equal share is earmarked for each region for subsequent application at the country level. Finally, in the third facility (line 1.1.3), 5 per cent of core resources are set aside for development in countries facing special situations.

the initiatives for change. 3/ The next framework must also rectify a number of difficulties inherent in the current structure that may mitigate against the effective implementation of these initiatives. The Administrator firmly believes that these objectives cannot be achieved by marginal or incremental change but rather require a fundamental overhaul of existing structure and the introduction of significant, bold and positive changes in programming arrangements. It may, therefore, be useful at this stage to summarize, in concrete and unambiguous terms, the points of support and the reservations that have been expressed about the proposed arrangements, especially as they compare to the current UNDP system for allocating country resources in UNDP, and those used by some of the other United Nations funds.

1. Comparison to the current UNDP system

8. The current indicative planning figure (IPF) system, established in the early 1970s, has outlived its usefulness and does not respond to future needs. The lack of focus and concentration in UNDP country-level activities in the past is properly attributed, at least partly, to inflexibilities in the present system that prevent UNDP from responding effectively to evolving development opportunities and problems. Furthermore, the system lacks incentives to promote greater focus and impact at the country level. The system, while perceived to provide resource predictability, has in fact not done so over the cycles. 4/

2. Country resource allocation schemes of other United Nations funds

9. It is relevant to underline that UNDP is the only fund within the United Nations system that operates under an extraordinarily rigid IPF system. In fact, to a great extent, the proposals made by the Administrator are based on the considerably more flexible resource allocation systems already in place in the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA). UNICEF updates its rolling four-year plan biennially. The Executive Director allocates resources among countries mainly on the basis of three weighted criteria: child population, gross national product (GNP) per

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3/ The three principal goals endorsed for UNDP are: (a) strengthening international cooperation for sustainable human development and serving as a major substantive resource on how to achieve it; (b) helping the United Nations family to become a unified and powerful force for sustainable human development; and (c) most importantly, focusing UNDP resources on making the maximum contribution in programme countries to key dimensions of sustainable human development. The initiatives for change report identified, and the Executive Board endorsed, four areas of programme focus: (a) poverty elimination; (b) job creation; (c) protection and regeneration of the environment; and (d) the advancement of women, as well as means to these ends in which UNDP had demonstrated comparative advantage over the years.

4/ As noted in document DP/1994/59 (paragraph 57), the IPF system has proven a poor predictor of resource availability, with delivery levels varying from 55 per cent of originally targeted resources in the third cycle, to 112 per cent in the fourth, and an estimated 70 per cent in the fifth cycle.

capita and under five mortality rate. However, up to 20 per cent of total estimated resources are allocated to take advantage of new projects and unforeseen needs, granting the Executive Director flexibility to increase resources for countries that offer opportunities to achieve priority programme goals on an accelerated basis, or which face exceptional difficulties.

10. The UNFPA resource allocation system differs from UNDP in several ways, but most importantly because it does not incorporate a concept of "entitlement". The UNFPA Executive Board (which also governs UNDP) established a list of 58 priority countries, specifying that 80 per cent of resources should be allocated to these countries against some broad internal guidelines. The Executive Director establishes individual country resource levels, taking into account expected overall resource availability; needs of the country concerned vis-à-vis other countries; population assistance provided to that country by other donors (as an inverse criterion); and commitment of the government to the programmes as well as an assessment of the absorptive capacity in the country. Once the country programme based upon this level has been approved by the Board, the approved level is not considered to constitute an entitlement but an authorization to the Executive Director to expend resources for the approved purposes within a specified time period. UNFPA also operates a rolling four-year programming cycle under which the periods covered by individual country programmes may differ from one another.

11. Thus, the Administrator is seeking a country-level resource allocation scheme for UNDP which reflects a degree of flexibility similar to, but falling short of, that which already exists in UNICEF and UNFPA and which is suited to the particular development imperatives, mandate and organizational culture of UNDP.

3. Advantages of the three-tier scheme

12. The Administrator's proposal for a three-tier TRAC endeavours to combine the best features of the existing arrangements in UNDP with a number of positive measures designed to address current deficiencies. His recommendations in particular recognize: the need to respond flexibly to changing development situations and improve the focus and concentration of programmes; the need to overcome the stagnation of core resources in recent years; the need to create greater incentives to mobilize non-core resources; and most important, the need to help countries achieve greater impact and effectiveness in their programmes.

13. This proposal also protects the current share of resources available for country programmes. The first facility ensures a degree of predictability for planning purposes while the second facility provides additional incentives for high-priority, high-impact programming and stimulates countries to make greater use of core funding to mobilize additional, non-core resources. UNDP acquires a desirable element of flexibility to respond to evolving development opportunities and needs, thereby enhancing programme focus and quality. Effective redeployment from inactive programmes also becomes possible. Finally, the third facility permits UNDP to respond more quickly and flexibly to countries where special development circumstances require such action. Thus, the proposal makes it possible for UNDP to be of genuine assistance to a

widely differing group of programme countries and maximizes the ability of the organization to mobilize additional resources for their needs.

B. Queries about the scheme

14. During the informal discussions of document DP/1995/15 at the second regular session in April 1995, the members of the Executive Board expressed a range of views on the proposals for a three-tier TRAC. These comments reflected considerable understanding of the impetus for the scheme, and varying degrees of support for it; however, several reservations were also expressed. The Board also sought further clarification and elaboration of how the three-tier TRAC scheme would operate, particularly in conjunction with the proposed planning and programming processes outlined in earlier documents. Among the questions raised were the following:

(a) How does this system safeguard or create the degree of predictability of resources for planning and programming purposes?

(b) How is national ownership of programmes safeguarded, and in particular how will national priorities continue to function as the primary determinant of the country programmes?

(c) What criteria and procedures would be used for the assignment and approval of resources under lines 1.1.2 and 1.1.3, and how would the imposition of "conditionalities" be averted in this process?

(d) Where would the responsibilities for assignment and approval of resources reside under this system, especially for lines 1.1.2 and 1.1.3; how would the scheme maintain and possibly intensify the existing degrees of decentralization in the approval of UNDP assistance?

(e) What measures can be taken to ensure a smooth and gradual phasing in of these markedly different procedures?

C. Introduction of the successor programming arrangements

15. The Administrator agrees that the points summarized above are pertinent and legitimate questions and that effective responses to them must be provided in order for the Executive Board to give full consideration to the approval of his proposals. Responding to these queries also provides an ideal means for consolidating the recommendations on individual programming components into an integrated set of programming arrangements for the next period, as set out in chapter III. While variations on these arrangements are certainly possible, the Administrator believes that the set of processes prescribed, taken together, constitute an effective resolution of outstanding concerns.

16. Most importantly, the Administrator realizes that the arrangements proposed represent a significant departure from existing practice and have therefore not been applied thus far in UNDP. As is appropriate for such innovative measures, he recognizes that after the initial introduction of these new arrangements, the results should be assessed and corrective action taken, if necessary.

17. The approach proposed here dovetails with the immediate programming situation of UNDP, and its expected evolution up until 1997, the first calendar year of the next programming period. UNDP has reached a critical yet promising juncture in the fifth programming cycle and during the next two years will be pursuing a creative phase of innovative programming geared to furthering the implementation of the SHD initiatives endorsed in decision 94/14. Thus, chapter III not only describes how the overall planning, programming, and allocation systems are expected to function once fully operational in the next programming period but also outlines how these new procedures would be handled up until that time.

18. Accordingly, the Administrator proposes that the new programming arrangements outlined in chapter III be applied during the period June 1995-June 1997, culminating in a major review to be submitted to the Executive Board at its annual session 1997. Following this approach should:

(a) Enable the Administrator to implement the initiatives for change with immediate effect and support national endeavours to achieve and sustain human development overall and through the areas of focus;

(b) Ensure a smooth transfer to the new arrangements and build in safeguards to avoid and minimize disruptions to ongoing programmes;

(c) Permit the Executive Board to exercise its oversight role in carrying out reviews and intervene to take corrective action where deemed necessary;

(d) Allow the new arrangements to be extended to the longer term on the basis of experience gained and results achieved during the initial period.

III. SUCCESSOR PROGRAMMING ARRANGEMENTS

A. The programming situation

19. In this chapter, the Administrator describes how the planning, programming, and allocation systems for the next programming period are expected to function once fully operational and also describes what actions will be taken over the next two-years, i.e., July 1995 to June 1997, which have every indication of being a critical and decisive programming period for UNDP.

1. The two-year time frame

20. The selection of the July 1995 through June 1997 time frame for the initial application of the new arrangements is quite deliberate. First, by the end of June 1995, when the decision on the next period is expected to be taken, it is expected that fifth cycle resources will be nearly fully programmed (see subsection III.A.2 below).

21. Second, historical patterns show that because of the nature of lead times required to build programmes, advanced formulation has begun well before the start of the subsequent programming cycle and has generally resulted in the programming of a significant portion of the resources of the subsequent cycle. 5/ In fact, the first official calendar year of a cycle may well be viewed as the third year of programming for that cycle. Thus, a two-year period immediately following the establishment of the next programming framework would represent the first critical horizon for future programming, even though 1997, the official start of the next period, is still a year and a half away.

22. Third and most important, the next two years are an opportune time for UNDP to promote creative and dynamic programming pursuant to decisions of the Executive Board in June 1994 and in line with national priorities. The enabling environment for this innovative programming has already been established through decision 94/14 on the initiatives for change (DP/1994/39), as well as through various related actions already taken at the country level, as described in document DP/1995/31 (also submitted at the annual session 1995). Given that fifth cycle resources are almost entirely programmed, country-level preparations for programming activities anticipated in the next period are already being launched. Thus, a Board decision on the successor programming arrangements could immediately trigger the formulation of a new round of programmes that would promote SHD, in line with the principles embodied in the initiatives for change document. In fact, failure to establish a framework for the next period would plunge many countries into a severe programming hiatus and slow down the pursuit of many attractive prospects for SHD programming.

2. Status of programming as of 30 June 1995

23. In this connection, it is relevant to note the status of fifth cycle programming. First, with respect to the financial status, it is expected that overall, 90 per cent of authorized country IPFs will have been programmed by June 1995; indeed, 84 country programmes (accounting for 41 per cent of total IPFs) will be 100 per cent programmed. Because fifth cycle resources are

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5/ To ensure continuous programming and avoid a hiatus between cycles, the Governing Council would normally grant authority to programme resources from the next cycle at the mid-point of the current cycle. (This is when the UNDP financial plan rolls forward to encompass the first year of the next cycle). In the case of the fifth cycle (1992-1996), had the elaboration of new arrangements not been under way, this authority might have been considered in mid-1994.

nearly committed, programme formulation for the next period could begin as soon as the decision on the successor programming arrangements is taken.

24. Second, between June 1995 and 1997 some 40 new cooperation frameworks are slated for Executive Board approval and a further 70 countries are expected to submit a mid-term review of the country programme. This offers considerable opportunity and lead time to reorient new and ongoing programming, in line with national priorities as well as with decision 94/14.

25. Against this background, it is clear that programming the resources of the next programming cycle, in accordance with whatever framework is established by the Executive Board at its current session, can begin immediately following the adoption of that decision. Such programming would be carried out in line with either new country cooperation frameworks approved by the Board or existing country programmes reoriented during mid-term reviews.

3. Financial envelope for the period 1997-1999

26. In document DP/1995/3 it is suggested that voluntary contributions for 1997, the base year for the next period, might be assumed at $1.25 billion. Adjusted for inflation, this is roughly equivalent in real terms to the amount of $1 billion assumed for 1991, the base year of the fifth programming cycle. Taking into account the deliberations on this subject and the current contribution levels, it is more prudent at this stage to assume a figure of $1 billion for each of the three years 1997 through 1999. Thus, for analytical purposes, the initial financial envelope is assumed to be $3 billion for three years. The Administrator considers it a completely inadequate amount, not comparable with the responsibilities of UNDP and the demands upon it and he intends to take all possible actions to achieve increases beyond these resource assumptions. 6/

27. As proposed in table 1, of this three-year envelope of $3 billion, 50 per cent or $1.5 billion will be assigned in equal proportions to the first two TRAC facilities; that is, $750 million (or $250 million annually) to each of lines 1.1.1 and 1.1.2. For line 1.1.3, $150 million (or $50 million annually) would be set aside.

6/ It should be noted that according to current projections, total non-core resources during the period 1997-1999 are also expected to amount to some $3 billion.

4. Possible programme build-up during two-year time frame

28. Based on historical patterns, and various other factors, it is possible to project the programme build-up of the next two years. Projected programme approvals at six monthly intervals over the next two years are summarized below.

Projected approvals as of end	Total approvals	
	$ (millions)	Percentage of programmable resources a/
December 1995	240	16
June 1996	420	28
December 1996	630	42
June 1997	920	61

a/ Assuming programmable resources (under lines 1.1.1 and 1.1.2) of $1.5 billion for the period 1997-1999, as outlined in paragraphs 26-27.

29. The above figures are provided to establish a quantitative estimate of the possible progression of programming during these two years and to permit identification of the various actions the Executive Board and the Administrator may wish to take at different points during this period. This point is reverted to in paragraphs 47-50.

B. Arrangements for the programming of TRAC resources

1. Programming processes at the country level

30. The planning and programming processes under the new arrangements were the subject of extensive discussions at the first regular session 1995 of the Executive Board as well as in the informal consultations that preceded and followed it. These arrangements were originally described in document DP/1995/3 and in explanatory notes provided for the informal consultations.

31. In previous documentation, the UNDP cooperation framework was compared to the current country programme; it was confirmed that national ownership of programming would remain paramount. Under the cooperation framework, country-level programming would continue to be rooted in national priorities, and national planning horizons while reflecting the SHD principles endorsed in decision 94/14. It is important to re-emphasize that national ownership of programmes continues to be the cardinal principle on which UNDP programmes are

based. In fact, the adoption of the programme approach reinforces this principle. The new arrangements seek to enhance further the translation of national priorities into effective and focused national programmes, rather than erode or compromise them.

32. Of particular relevance to the discussion that follows here is the resource mobilization target (RMT) and strategy, which are critical components of the cooperation framework. The RMT covers activities to be financed from all resources managed by UNDP (both core and non-core), of which the target for resource assignment from the core (TRAC) would constitute an important part. It should be re-emphasized that the TRAC would cover resources from both lines 1.1.1 and 1.1.2.

33. Recognizing the need to establish a planning figure, it is clear that the country amount determined under the resource distribution methodology for line 1.1.1 would be available for programming for the period 1997-1999, and that this figure could be extrapolated, as necessary, to cover the full duration of the cooperation framework. For planning purposes, it can be presumed that under the appropriate conditions, an additional amount, roughly comparable to the amount under line 1.1.1, could be available under line 1.1.2. Both amounts should be seen as targets rather than firm funding allocations, and would ultimately depend upon the actual level of voluntary contributions to the core, as well as the programming situation in each country.

34. It must also be stated unambiguously that programming under both lines 1.1.1 and 1.1.2 are expected to conform to the SHD framework endorsed under decision 94/14 and that no distinction would be made between the two facilities in this respect. Also, once resources from both lines have been assigned (as described below), they may indeed be treated as part of the same pool, with no essential differences being made with regard to programming purpose, or the rigorous application of criteria for their use.

2. Resource assignments and their decentralized management

35. The present section describes the processes that would govern the assignment of country-level resources under lines 1.1.1 and 1.1.2 and also examines the issue of decentralization of programming authority within UNDP. Although the procedures for lines 1.1.1 and 1.1.2 are described separately for the purpose of the present discussion, in practice they would be dealt with simultaneously.

36. It may also be useful to distinguish between the concepts of resource assignment and approval authority. Assignment refers to the establishment of an overall envelope of country-level programming resources that will be earmarked for management by the resident representative in consultation with the government. Approval authority refers to the delegated financial limits established for the actual commitment of these resources to individual programmes and projects, in line with approved country programmes/cooperation frameworks and established appraisal and approval criteria.

Resource assignments under line 1.1.1

37. Upon the approval of a three-year programming framework for the next period, as set out in paragraphs 26-27 above, the Administrator intends immediately to allocate line 1.1.1 resources to countries ($250 million annually or $750 million for the three-year period) according to the agreed resource distribution methodology. As noted in paragraphs 23-25 above, in addition to the new cooperation frameworks expected in the coming period, a considerable number of existing country programmes would be adjusted and reoriented, through the mid-term review and programme appraisal and approval procedures, in order to bring programming into line with the SHD framework approved by the Executive Board in decision 94/14.

Resource assignments under line 1.1.2

38. Resources under line 1.1.2 are intended to provide special incentives to improve programme quality, achieve focus and further the programming objectives set out in the initiatives for change, including in particular, the commitment to poverty elimination. For effective application, it is recognized that these resources should be delegated for management at the country level to the maximum extent possible. To this end, the Administrator intends to establish procedures by which a determination is made of the level of 1.1.2 resources that should be assigned for direct management at the country level by the Resident Representative. These procedures will ensure that such determinations include consultations with the government of the country concerned. This determination will be based primarily on: programme quality, including the degree to which programme proposals are aimed at promoting high-leverage activities in the SHD focus areas, particularly poverty elimination and the enabling environment required for that objective 7/; special needs and opportunities for capacity-building; and the potential for mobilization of external resources for these programmes.

39. On this basis, resources under 1.1.2 could be delegated to the country level up to an amount roughly comparable to the 1.1.1 level should the Administrator determine that the circumstances justify it. Indeed, it is the differing circumstances in countries that provide the Administrator with a

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7/ This is supportive of the commitments adopted at the World Summit for Social Development (WSSD) in March 1995, particularly commitments 1 and 2. The first commitment focuses on creating an "economic, political, social, cultural and legal environment that will enable people to achieve social development". At the international level, this commitment calls for the promotion and implementation of "policies to create a supportive external economic environment". The second commitment focuses on the goal of "eradicating poverty in the world through decisive actions and international cooperation, as an ethical, social, political and economic imperative of humankind". In particular, this commitment encourages all international donors to support policies and programmes relating to people-centred sustainable development; and to assess their programmes in consultation with the concerned developing countries to ensure the achievement of the agreed programme objectives; and to seek to ensure that their own policies and programmes will advance agreed development goals that focus in meeting basic needs for all and eradicating absolute poverty.

measure of flexibility and the ability to exceed these levels in certain cases. Resident representatives may subsequently request the assignment of further 1.1.2 funds beyond the level originally assigned. The Administrator would exercise flexibility in such further assignments, taking into account estimates of the availability of unassigned 1.1.2 resources for the region, and the potential for redeployment from inactive or partially inactive programmes.

40. In this connection, it is important to note that the intent of the regional assignment under this line is to ensure that each region receives a predictable, fixed share of overall resources; it is not meant to shift decision-making from the country level to UNDP regional bureaux.

41. Once TRAC resources have been assigned to the country level, resident representatives would continue to be delegated considerable authority to approve individual programmes and projects in accordance with the cooperation framework (or country programme) approved by the Executive Board. These levels of delegated approval authority have been increased recently, following the adoption of the programme approach. 8/

42. As line 1.1.2 is seen as an instrument for achieving and catalyzing activities in the SHD focus areas, resident representatives will be held accountable for applying these resources in such a fashion. As with 1.1.1 resources, resident representatives are also accountable for the rigorous application of the criteria established for the appraisal, approval and financing of programmes and projects (as described below).

3. Programming criteria

Design criteria

43. Over the years, UNDP has honed a set of appraisal and approval criteria for the design of effective programmes and projects. The purpose here is not to describe these criteria, but rather to clarify that they translate accumulated substantive and technical knowledge into a set of operational guidelines aimed at enhancing the quality and development impact of planned activities. These performance-based criteria help to determine adherence to certain substantive design standards (e.g., those for gender and environment issues) and ensure proper internal consistency of basic programme/project components, verifying, for instance, the balance and relationship of project inputs and outputs, and that objectives are realistic in operational terms and can achieve development impact in line with national goals. These criteria are applied in the context of specific country circumstances, and in collaboration with government and, as appropriate, United Nations system partners. The overriding motive in applying such performance-based criteria is to ensure that UNDP interventions in support of national programmes are well conceived, benefit from the lessons of substantive experience, and thereby achieve their intended development impact in a cost-effective manner.

8/ In general under the current arrangements, major programmes valued at more than $3 million and projects over $1 million are approved by UNDP headquarters. After a programme is approved in principle, implementation budgets are approved by the resident representative at the country level.

Programming objectives

44. In previous programming cycles, the Governing Council would establish a set of programming objectives that served as the underlying platform for the application of these design criteria. In adopting decision 94/14, the Executive Board has endorsed a set of goals and objectives for programming in the next period, which include a set of focus areas as well as means to pursue these ends through patterns of intervention in which UNDP has demonstrated comparative advantage. This decision thus constitutes the underlying context for the application of established appraisal and approval criteria in the next programming period.

45. The principles embodied in decision 94/14 indicate that programmes and projects should be designed to achieve measurable impact and capacity-building targets in accordance with SHD precepts; conform to articulated national priorities and reflect tangible national commitment in the assignment of national human and financial resources; conform to the overall programme, strategic themes and focus areas endorsed by the Executive Board in the country programme or cooperation framework; permit exploitation of patterns of intervention in which UNDP has demonstrated its comparative advantage; and help mobilize additional, external resources.

Conditionalities

46. This package of programming objectives should not be misconstrued as incorporating "conditionalities". Greater focus in programme content is a key aspect of the programme approach and is mandated by decisions of the Governing Council and Executive Board stretching back to 1990. Focus is not conditionality. Similarly, the application of programme evaluation criteria (enumerated above) that are designed to achieve development impact and results is not conditionality. Conditionalities of the type frequently imposed by some development assistance institutions would compromise the neutrality that is a hallmark of UNDP cooperation. It is through the application of established criteria under a coherent set of programming objectives that UNDP attains full practical expression of its neutrality. The Administrator will, therefore, remain vigilant to eschew factors, outside of recognized criteria, which may be viewed as "conditionalities".

4. Executive Board review of the arrangements

47. As indicated in paragraph 29, the Administrator envisages two important points at which the Executive Board can exercise its oversight responsibilities during the implementation of the new arrangements.

48. The first will occur during the annual session in June 1996. The Administrator intends to provide a report to the Executive Board at this session highlighting any issues that may have arisen in the early operation of the new programming arrangements and in the continuing implementation of the initiatives for change. This report will be for information only and no decision by the Board would be expected at that time.

49. The second and more important point will occur during the annual session in June 1997. By that time, as discussed in paragraphs 28-29, the combined

programming under the two TRAC lines would likely have reached over 60 per cent of estimated resources for 1997-1999. This could clearly be considered to constitute a critical mass of programming under the new arrangements, therefore permitting a thorough review by the Executive Board at that time. For this purpose, the Administrator will provide the Board with a full analysis of the experience under the new arrangements including: progress in achieving increased focus in programming in line with decision 94/14; the degree to which the initiatives for change have been implemented at the country level; and whether the application of the three-tier TRAC system has been carried out in an appropriate and equitable fashion. The report of the Administrator will set out progress in both substantive and financial terms.

50. This review should enable the Executive Board to decide upon: any revisions in the overall resource projections and earmarkings; any amendments that may be required in the structure of table 1 and the programming arrangements; and other changes it may wish to make to the arrangements. Additionally, this review will also provide the Board with an opportunity to decide whether the programming period from 1997 onwards should operate with a rolling feature. A decision on this matter, in fact, need not be taken before the end of 1997 when, if so decided, the programming period would be "rolled" forward for the first time to cover the years 1998-2000.

IV. RESOURCE ALLOCATION STRUCTURE

A. Introduction

51. Table 1 of document DP/1995/15 outlined a broad set of resource allocation categories for the next programming period. 9/ In informal discussions of this framework during the second regular session in April 1995, members of the Executive Board were generally supportive of this simplified financial framework noting that the categories provided a more cogent basis for rationalizing earmarkings than do fifth cycle labels; and that appropriate levels of resources were set aside for the various programme purposes. Several queries were, however, raised on a number of specific earmarkings.

52. The Executive Board also requested additional information about certain of the subcategories proposed and suggested that the relative shares assigned to some of these be adjusted. Without reiterating the justification for each of the earmarkings that has already been provided in document DP/1995/15, the present chapter provides additional information to respond to the outstanding points raised on some of the earmarkings and also proposes some further refinements in table 1.

9/ Category 1.0 (programmes/projects) covers the bulk of UNDP resources that traditionally flow to country and the intercountry activities and together with category 2.0 (programme development and technical services) provides financial facilities for the full spectrum of support activities required over a project/programme period. Category 3.0 sets aside resources for UNDP support to the United Nations system and resident coordinator functions. To complete the picture, category 4.0 covers the administrative and programme support costs of the biennial budget.

Table 1. UNDP core resources by main categories: comparison of fifth cycle and proposed annual earmarkings

	Footnotes	Earmarkings during fifth cycle $ (millions)	Earmarkings during fifth cycle %	Proposed percentage earmarkings for next period %
1.0 Programmes/projects				
Country				
1.1 Target for resource assignments from core (TRAC)				
1.1.1 Assigned immediately to countries		526	53.5	*25.0*
1.1.2 Assigned regionally for subsequent country application		-	-	*25.0*
1.1.3 Resources for development in countries in special situations	a/	13	1.3	*5.0*
		539	54.8	*55.0*
Intercountry				
1.2 Regional		56	5.7	*7.6*
1.3 Global, interregional and special activities		25	2.5	*4.2*
		81	8.2	*11.8*
Other				
1.4 Evaluation	b/	1	0.1	*0.3*
1.5 Special resources for TCDC activities	c/	2	0.2	*0.5*
1.6 Resources for implementation	d/	55	5.6	*3.0*
		58	5.9	*3.8*
Subtotal		**678**	**68.9**	*70.6*
2.0 Programme development and technical services				
2.1 UNDP programme support and development activities (PSDA)	e/	33	3.3	*3.0*
2.2 United Nations system support for policy and programme development (SPPD)	f/	16	1.6	*2.0*
2.3 Technical support services from United Nations specialized agencies	g/	11	1.1	*1.6*
2.4 Other	h/	35	3.5	-
Subtotal		95	9.5	*6.6*
3.0 Support to United Nations system and aid coordination				
3.1 Programme support to the resident coordinator/ aid coordination	i/	-	-	*1.7*
3.2 Support to United Nations operational activities	j/	43	4.4	*4.3*
Subtotal		43	4.4	*6.0*
4.0 Biennial budget				
4.1 UNDP headquarters		70	7.1	*6.8*
4.2 UNDP country offices		100	10.1	*10.0*
Subtotal		**170**	**17.2**	*16.8*
TOTAL		**986**	**100.0**	*100.0*

For footnotes see page 17.

Footnotes to table 1.

a/ While the proposed earmarking will encompass a wider range of activities, the current earmarking finances SPR category A: Disaster mitigation and SPR subcategory lines: C2: Special Plan of Economic Assistance to Central America; C3: Programme of Action for African Economic Recovery and Development; and F: Assistance to the Palestinian people.

b/ Currently funded from SPR subcategory line E2: Programme evaluation/training.

c/ Currently funded from SPR subcategory line B4: Technical cooperation among developing countries (TCDC).

d/ Represents reimbursement of Administrative and Operational Services (AOS) to implementing agencies, including United Nations agencies, for implementation of projects.

e/ Currently established as programme support and development activities (PSDA). Under proposed percentage earmarkings, the 0.3 per cent decrease from the fifth cycle percentage earmarking pertains to development support service, which will be accommodated under line 3.1: Programme support to the resident coordinator/aid coordination.

f/ Currently established as the TSS-1 component of the support cost arrangements, as well as a sectoral support facility financing technical services from the smaller technical agencies.

g/ Currently established as a technical support facility at the project level (TSS-2) for the five large agencies. TSS-2 is used to finance technical support services from the agencies at all stages of the project cycle, including project formulation and project monitoring and backstopping.

h/ Includes SPR category B: Thematic activities; SPR category C: Other special and/or new activities; SPR category D: Aid Coordination; SPR category G: Contingencies; SPR subcategory line E1: Project Development Facility; SPR subcategory line E3: Programme research; and UNIDO Country Director and Special Industrial Services (SIS) programmes.

i/ No formal earmarking is presently made for programmatic support to the resident coordinator.

j/ Represents UNDP country office support to United Nations operational activities as formally recognized at the level of 29 per cent of total UNDP country office costs in the presentation of the UNDP biennial budget estimates.

For additional information on the application of the proposed earmarkings reference may be made to document DP/1995/15 (paragraphs 27 to 94) and the synopsis of the main document provided in DP/1995/15/Add.1 (paragraphs 21 to 28).

B. Refinement of the resource allocation structure

53. Taking into account the comments and suggestions made during the informal discussions of the allocations proposed in table 1 of document DP/1995/15, some refinements have also been introduced to table 1, which represents the financial framework for the next programming period. These refinements are as follows:

(a) In recognition of the support expressed for the technical cooperation among developing countries (TCDC) modality, line 1.5 has been increased to 0.5 per cent. This has been achieved through a reduction of line 1.4 for evaluation to 0.3 per cent.

(b) On line 3.1 for programme support to the resident coordinator, the figure previously shown under the fifth cycle earmarking column has proven to be misleading. This amount accounted for the aid coordination SPR, which would be cancelled as a separate earmarking under the new structure. Therefore, in the revised table 1, this fifth cycle earmarking has been moved to line 2.4: Other, which covers former earmarkings that would be eliminated under the new framework. Thus, the proposed earmarking for resident coordinator functions under line 3.1 is shown as an entirely new allocation for the next period and should be assessed on its own merits, not against the earlier, and very modest SPR for aid coordination. Further information on this line is provided in the section below.

C. Additional information on specific earmarkings

1. Resources for development in countries in special development situations (line 1.1.3)

54. Line 1.1.3 sets aside 5 per cent of core resources for development in countries facing special situations. The creation of this line incorporates the support provided to disaster mitigation activities in the fifth cycle, 10/ and also responds to suggestions that a modality be established to permit UNDP to respond more quickly to situations that have heretofore come to the Executive Board for ad hoc action (e.g., Albania, South Africa, Haiti in the current programming cycle).

55. As stressed by the Administrator during the second regular session 1995, in today's world, it is critical for UNDP, as a leading United Nations development institution, to surround the full spectrum of special situations, emergencies and severe economic crises with supportive "cushions" of preventive and curative development. The resources under this facility are not intended to supplement humanitarian and peace-keeping funding, but rather would be entirely directed to preventative and curative development activities, especially those aimed at reducing and eliminating the causes of emerging crises.

10/ This covers categories: A1. Disaster preparedness and management; A2. Emergency relief; A3. Reconstruction and rehabilitation; and A4. Refugees, displaced persons and returnees.

56. The precise nature of the special situations that may arise during the next programming period cannot be predicted in advance, which is why these funds cannot be pre-allocated. However, the bulk of resources under line 1.1.3 is expected to be allocated to low-income countries and least developed countries (LDCs), in that the underlying conditions in such countries are often associated with the emergence of various kinds of development crises. The Administrator will consult with the Directors of the Regional Bureaux and concerned resident representatives to identify special development situations that exist or that may emerge in the coming period, and which clearly call for special preventative and curative development activities. He will also be guided by considerations similar to those taken into account by the Executive Board in deciding on the ad hoc allocation of additional programming resources during the fifth cycle (as noted in the above paragraph). Among these factors are: the relative projected needs of the affected countries; the status of programming of other UNDP-managed resources available to those countries; and the potential for using the resources assigned to mobilize significant non-core funding for development activities.

57. As mentioned in paragraphs 47-50 on Executive Board reviews, the Administrator would include in his report to the annual session 1996 financial and substantive information on the programming of resources under line 1.1.3 up until that time. A full review of the experience with line 1.1.3 would be included in the full-scale review to be submitted to the Board in June 1997.

58. Attention is called to the fact that it may be necessary for the Administrator to use line 1.1.3 to make a special earmarking for the Programme of Assistance to the Palestinian People, as was done in the fifth cycle.

2. Regional programmes (line 1.2)

59. The purposes and benefits of regional programmes were described in paragraphs 49 and 50 of document DP/1995/15. The Administrator is gratified to note the support given during the informal discussions to the proposed increase for regional programmes.

3. Global and interregional and special activities (line 1.3)

60. A conference room paper (DP/1995/CRP/3) was distributed at the second regular session in April 1995 in order to provide additional information on the intended application of resources under line 1.3. For ease of reference, this information is summarized and augmented in the paragraphs below.

61. As an international development organization, UNDP is well-positioned to assist both in building capacity at the country level as well as in helping establish global partnerships that can: (a) frame common goals and reciprocal obligations; (b) mobilize resources for country-level activities; and (c) exchange operational experience, technological innovation and action-oriented research. The rapidly changing socio-economic and natural environment makes it necessary for UNDP to have a separate resource allocation to address this latter group of initiatives, which would operate on the global and interregional planes. These global activities would, of course, continue to be carried out in close consultation with programme countries, and indeed have as their primary objective the formulation and implementation of viable

country programmes that are adequately funded and enriched by international commitments and the worldwide experience and research on key aspects of sustainable human development.

62. Two additional points should be noted. In this era of international programmes, conferences, conventions, agreements and thematic funds, UNDP must have the capacity to operate at the global and interregional levels if it is to perform any of the three missions assigned to the organization in 94/14 (see footnote 3). In particular, without global and interregional activities, UNDP will be hobbled in its ability to help inform and shape international initiatives and mobilize financial, technological and informational resources for country programmes. UNDP must allocate resources to fulfill its role pursuant to its mission to strengthen international cooperation for SHD, and provide substantive ideas on how to achieve it. Policies set externally to programme countries can dramatically affect in-country prospects for development. UNDP has a vital role to play in helping to elucidate these relationships and frame policy choices for decision-makers.

63. The experience of the fifth cycle underlined the considerable gains to programme countries that would result from merging global and interregional programmes with those funded by the thematic SPRs. The merged programme would provide a powerful impetus for country-level efforts and international partnerships related to SHD. The resources of the merged programme would also provide a compelling catalyst for mobilizing additional resources from both the public and private sectors. For instance, there is a pressing need to develop new and innovative mechanisms for cooperation with the private sector, especially in technology.

64. With these resources, global programmes will:

(a) Promote interregional and global partnerships (both north-south and south-south) and mobilize resources for innovative responses to important development issues; and

(b) Stimulate and support global-level research to promote sustainable human development, thereby enabling countries to access the most effective scientific and technological innovations and enhance their capacities in these areas. UNDP should play an important role in promoting a research agenda responsive to programme country needs as well as in supporting capacity-building for conducting research in these countries. Research will emphasize practical relevance, application and adaptation of science and technology to programme-country conditions.

65. In a closely interrelated manner, interregional and special programmes will:

(a) Assist programme countries to meet the national commitments they have made in the programmes of action established by United Nations conferences held since 1990, by funding the analysis and dissemination of successful experience in strategic areas, such as people-centred macro-policies, an enabling environment to generate strategies for sustainable human development, poverty eradication and employment, and the formulation of gender-sensitive and environmentally sound national plans. This work will

also lead to the development of methodologies for sustainable human development that can be adapted to specific country conditions;

(b) Expand and test strategies to support SHD overall, and the key areas of poverty eradication, employment, gender, and environment. Programmes will disseminate and exchange experience by: enhancing programme country access to and application of new knowledge, systems and technologies; promoting practical learning experiences; and developing appropriate tools, networking mechanisms and training materials; and

(c) Support pilot country initiatives in the UNDP focus areas, including poverty eradication, employment, gender and environment, for exchange between and across regions, and fund innovative demonstration projects in new approaches and technologies so as to enable programme countries to skip stages in their efforts to improve people's lives and compete in the international arena.

66. Global and interregional programmes will be implemented in collaboration with experts and institutions in developing countries, United Nations agencies, the academic community, international centres of excellence, national and international NGOs and the private sector. As noted earlier, for a fuller description of the areas covered by the merged programme, reference may be made to document DP/1995/15 (especially paragraphs 61 and 62).

4. United Nations system support for policy and programme development (line 2.2)
Technical support services from United Nations specialized agencies (line 2.3)

67. A description of the kind of activities to be supported under these two categories is provided in paragraphs 81 to 87 of document DP/1995/15. A separate report on the proposed modalities for access to these two facilities will be submitted to the Executive Board at its third regular session in August 1995, in the context of regular reporting on support costs arrangements.

68. In this connection, the possible need to provide a modest 1997 allocation to facilitate the phasing-out of the previous allocation for the United Nations Industrial Development Organization (UNIDO) country director posts (as explained in document DP/1995/15, paragraph 89) should be noted. This matter was raised during the informal discussions at the second regular session 1995, and the Executive Board will need to consider whether to include such a one-time allocation in the overall resource allocation table for the next programming period.

5. Programme support to the resident coordinator/aid coordination

69. During the second regular session 1995, the Administrator made it clear that he considers the proposed allocation for funds under line 3.1 for the resident coordinator function UNDP's ticket to the future. Various forums have given UNDP the legislative mandate to enhance United Nations system coordination but giving practical expression to this mandate requires tangible support. The legislation has recognized coordination as a tremendous task of considerable benefit to the programme countries. Considering the enormity and the importance of this task, a rather modest sum has been proposed for these purposes in the next programming period.

70. This new facility for coordination offers extraordinary opportunity in two major areas. The first exists with respect to the promotion of major programmes at the country level and the mobilization of resources for their realization. This is particularly true of programmes related to preventive and curative development, which require the full commitment of the entire United Nations system as well as that of the wider international community. The United Nations system, working together in a well-orchestrated manner, can provide immense support to a country in obtaining increased leverage with the international community.

71. Secondly, enhanced coordination activities offer a more rigorous means for undertaking initiatives that will help to reduce the present administrative expenditures at country level, for instance, through the rationalization of common services and premises. Enhanced coordination in this arena could consequently result in the release of considerable funding for direct programming.

V. RESOURCE DISTRIBUTION

A. Introduction

72. In his report for the second regular session of the Executive Board (DP/1995/15), the Administrator provided an analysis of the current methodology for resource distribution and proposed various alternatives for consideration. The informal discussions of these alternatives made it clear that the second option presented in table 7 of that report should form the basis for resource distribution in the next programming period, with the introduction of certain refinements. In particular, these refinements were to attempt to continue to increase progressivity in UNDP resource allocations, with emphasis on low-income countries and LDCs.

73. It may be recalled that this "second" option used GNP per capita and total population for each country, and envisaged the elimination of supplementary points, the weakening of floors, calculation of 6 per cent bonus for LDCs, and the establishment of increased thresholds for graduation. 11/ The distribution that resulted from this option is repeated in column 2 of table 2 below.

11/ For a fuller discussion of these factors as applied in option 2, see document DP/1995/15, paragraphs 95 to 108.

B. Refinement of the distribution option

74. Further refinements of this distribution option have now been made. These have been achieved mainly through the use of more recent World Bank data on GNP per capita and population. The resulting distribution, shown in column 3 of table 2 increases the allocation to LDCs to 57.7 per cent from the 56.6 per cent reported earlier. Small changes in the allocation to individual regions have also resulted from these refinements. In this context, it should be noted that final establishment of the resource allocations will be based on 1994 GNP per capita data, which are expected to be available by the third quarter of 1994. The figures cited in column 3 of table 2 should, therefore, be considered tentative at this stage.

Table 2. Illustrative options for percentage resource distribution

Regions	(1) Fifth cycle distribution a/	(2) Option 2 (as reflected in DP/1995/15) b/	(3) Option 2 refined c/
Africa	45.8	44.5	44.9
Asia and the Pacific	36.6	36.3	36.1
Arab States	7.6	7.0	7.8
Latin America and the Caribbean	7.8	6.3	6.2
Europe and the Commonwealth of Independent States	2.2	5.9	5.0
Total	100	100	100
Countries with GNP< =750	87.0	87.8	87.8
LDCs	58.2	56.6	57.7

a/ Basic criteria: GNP per capita and total population using 1989 data; supplementary points; floors (100%, 90% and 80%); and thresholds for graduation ($3,000 and $6,000).

b/ Basic criteria: GNP per capita and total population; no supplementary points; bonus for LDCs (6 per cent); reduced floors (90%, 80% and 70%); and increased thresholds for graduation ($4,700 and $7,500); data used: 1993 or latest estimated GNP per capita and population received as of January 1995.

c/ Same criteria as b/ above; data used: 1993 GNP per capita and population received from the World Bank as of April 1995; for some countries, OECD estimates used.

75. Any further changes in the distribution of resources beyond that shown in column 3, is possible only by changing basic parameters of the model such as the floor supplements, weights assigned to the primary indicators, and the LDC bonus rate. While such modifications are certainly possible, the resulting resource distribution would cause serious distortions in the regional earmarkings and might well be inconsistent with other aggregate indicators, and development requirements, as discussed in paragraphs 75-76. For this reason, the Administrator would recommend that the Executive Board approve the methodology and parameters underlying the model proposed in column 3, subject only to adjustments based on final 1994 data on the primary indicators to be received later this year.

C. Graduation

76. The current provisions with respect to graduation and the Administrator's recommendations for increasing graduation thresholds were discussed in paragraphs 112-118 in document DP/1995/15. The effects upon graduation of the adjustments discussed above are shown in table 3. The use of the increased thresholds originally recommended in document DP/1995/15, together with the new adjustments in the distribution option, results in a total of 26 net contributor countries (NCCs), 6 of which are new (column 3, table 3).

77. If the current thresholds were continued under this option, 33 countries would attain NCC status in the next period, of which 13 would be new (column 2, table 3). The (reimbursable) resources assigned to these countries would amount to 0.63 per cent. The cost of increasing graduation thresholds may be considered to be 0.33 per cent.

Table 3. Effects of graduation

	(1) Fifth cycle distribution a/	(2) Option 2 refined continue thresholds b/	(3) Option 2 refined increase thresholds c/
No. of NCCs	20	33	26
No. of new NCCs	—	13	6
% of total IPF or TRAC resources	0.25%	0.63%	0.30%

a/ Graduation thresholds of GNP per capita $3,000 and $6,000 ($4,200 and $7,500 for islands).
b/ Thresholds retained from fifth cycle.
c/ Graduation thresholds increased to GNP per capita $4,700 and $7,500.

D. Increasing progressivity of UNDP resource allocations

78. The Administrator is pleased to note that UNDP continues to be one of the most progressive of all development assistance institutions in terms of the percentage of total resources allocated to low-income countries, including in particular to LDCs. Table 4 below shows the allocations made to these categories of countries over the last five cycles, as well as the projections for the next programming period.

Table 4. Country resource distributions by percentage share

Regions	(1) First cycle	(2) Second cycle	(3) Third cycle	(4) Fourth cycle	(5) Fifth cycle	(6) Successor programming arrangements b/
Africa a/	29.1	33.2	37.3	39.9	45.8	44.9
Asia and the Pacific	25.9	35.2	41.5	40.5	36.6	36.1
Arab States	17.1	12.6	9.1	8.7	7.6	7.8
Latin America and the Caribbean	21.2	15.1	10.0	9.3	7.8	6.2
Europe and the Commonwealth of Independent States	6.7	3.9	2.1	1.6	2.2	5.0
Total	100	100	100	100	100	100
Countries with GNP<=750	55	69	81	84	87	88
LDCs	33	43	52	55	58	58

a/ The percentages shown against Africa include allocations for sub-Saharan African countries only, consistent with the clustering of programme countries assigned to the Regional Bureau of Africa. However, if the countries on the African continent as a whole were used instead in these calculations, the percentage shares for Africa for the first through fifth cycles would be 38.5, 40.3, 43.3, 45.7 and 51.2 respectively. Under the successor programming arrangements, the share would be 50.8 per cent.

b/ As proposed in table 2, column 3.

79. The Administrator is particularly gratified to note that under the distribution scenario set out in table 2, column 3, UNDP would continue to allocate the bulk of its resources to the Africa region. This is particularly relevant in the context of the commitments of the recent World Summit on Social Development, which call for an increased flow of development resources to the Africa region.

Use of primary indicators and progressivity

80. As the Executive Board is aware, the distribution of resources in UNDP is primarily based on GNP per capita and population. As has already been discussed in earlier reports (DP/1994/59 and DP/1995/15), while GNP per capita continues to be a robust indicator of the economic performance of a country, it does not capture income disparities and distribution of income among its population. As a result, the distribution of programme resources in UNDP, while progressive when measured against average-income levels, is not directly related to the size of the population living under the poverty line in a country and/or region. It is for this reason that the Administrator suggested earlier using population under the poverty line as a primary indicator in addition to GNP per capita, but had concluded subsequently that because of the current lack of availability of reliable data for all programme countries, it would not be possible to do so immediately.

81. It is also interesting to note that the allocation of resources to the Africa region is even more impressive when viewed against the distribution of the populations living under the poverty line around the world. While approximately 20 per cent of the total poor population lives in Africa, almost 46 per cent of total UNDP programme resources are currently allocated to this region, mainly in recognition of its enormous development requirements, the deterioration in its other economic and social indicators, and in response to repeated calls by the international community for increased resources to the region.

82. The Administrator would also like to point out that the allocation to LDCs during the next period is in fact expected to exceed the 58 per cent shown in column 6 of table 4. This is because a significant portion of resources under line 1.1.3 is expected to be allocated to this category of countries, if current trends continue.

VI. CONCLUSION

83. In the present report, as well as in the four previous reports (see footnote 1) on this subject, the Administrator has provided the Executive Board with an extensive analysis of the issues relating to the next programming period. He has also made specific recommendations for the establishment of the successor programming arrangements. It is hoped that at the current session, the Board will adopt a decision establishing the framework for the next programming period which will cover all its constituent components, including financial and programming arrangements, resource distribution and monitoring and review mechanisms.